

CITY OF EL MONTE, CALIFORNIA
FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2006

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of El Monte, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of El Monte, California, (the City) as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of El Monte's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of El Monte, California as of June 30, 2006, and the respective changes in financial position, and cash flows where applicable thereof, and the respective budgetary comparison for the General Fund, Retirement Fund and Housing and Community Development Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2006, on our consideration of the City of El Monte's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.





To the Honorable Mayor and Members of the City Council
City of El Monte, California

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of El Monte's basic financial statements. The accompanying combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lance, Soll & Lunghard, LLP

November 2, 2006

CITY OF EL MONTE

STATEMENT OF NET ASSETS
JUNE 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 45,985,637	\$ 17,107	\$ 46,002,744
Accounts	1,234,631	529,529	1,764,160
Taxes	8,247,601	-	8,247,601
Notes and loans	16,571,300	50,000	16,621,300
Accrued interest	320,285	-	320,285
Internal balances	(164,167)	164,167	-
Prepaid costs	21,133	154,949	176,082
Inventories	63,097	-	63,097
Deferred costs	769,962	546,688	1,316,650
Deposits	800	-	800
Due from other governments	2,230,575	-	2,230,575
Due from external parties	20,000	-	20,000
Land held for resale	10,359,330	-	10,359,330
Restricted assets:			
Cash and investments	3,460,082	1,500,000	4,960,082
Cash with fiscal agent	6,283,044	408,520	6,691,564
Capital assets not being depreciated	25,903,225	310,748	26,213,973
Capital assets, net of depreciation	12,354,583	3,595,779	15,950,362
Total Assets	133,661,118	7,277,487	140,938,605
Liabilities:			
Accounts payable	2,452,645	91,425	2,544,070
Accrued liabilities	1,342,047	31,156	1,373,203
Accrued interest	434,395	-	434,395
Unearned revenues	1,241,403	-	1,241,403
Deposits payable	3,847,138	214,495	4,061,633
Due to other governments	6,510,906	-	6,510,906
Noncurrent liabilities:			
Due within one year			
Claims and judgments payable	889,279	-	889,279
Compensated absences payable	2,064,957	71,126	2,136,083
Bonds and notes	1,761,685	-	1,761,685
Due in more than one year			
Claims and judgments payable	10,506,337	-	10,506,337
Compensated absences payable	4,780,559	162,411	4,942,970
Bonds and notes	41,328,468	17,999,809	59,328,277
Total Liabilities	77,159,819	18,570,422	95,730,241
Net Assets:			
Invested in capital assets, net of related debt	7,692,808	3,906,527	11,599,335
Restricted for:			
Public works projects	7,077,875	-	7,077,875
Public safety	2,021,482	-	2,021,482
Parks and recreation	152,351	-	152,351
Community development	8,662,832	-	8,662,832
Retirement	18,268,196	-	18,268,196
Debt service	2,022,923	408,520	2,431,443
Unrestricted	10,602,832	(15,607,982)	(5,005,150)
Total Net Assets	\$ 56,501,299	\$ (11,292,935)	\$ 45,208,364

See Notes to Financial Statements

CITY OF EL MONTE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 34,196,489	\$ 2,257,789	\$ 8,181,970	\$ 300,000
Public safety	36,815,930	1,815,573	299,667	-
Parks, recreation and cultural	5,561,304	605,567	787,429	-
Public works	8,041,318	2,219,288	2,362,367	432,022
Interest on long-term debt	4,734,489	-	-	-
Total Governmental Activities	89,349,530	6,898,217	11,631,433	732,022
Business-Type Activities				
Water Authority	3,626,693	2,986,262	-	-
Total Business-Type Activities	3,626,693	2,986,262	-	-
Total Primary Government	\$ 92,976,223	\$ 9,884,479	\$ 11,631,433	\$ 732,022

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Utility user taxes

Other taxes

Intergovernmental, unrestricted:

Motor vehicle in lieu

Use of money and property

Gain on sale of assets

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

See Notes to Financial Statements

CITY OF EL MONTE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (23,456,730)	\$ -	\$ (23,456,730)
(34,700,690)	-	(34,700,690)
(4,168,308)	-	(4,168,308)
(3,027,641)	-	(3,027,641)
(4,734,489)	-	(4,734,489)
(70,087,858)	-	(70,087,858)
-	(640,431)	(640,431)
-	(640,431)	(640,431)
-	(640,431)	(70,728,289)
17,830,887	210,637	18,041,524
320,297	-	320,297
22,025,619	-	22,025,619
3,021,236	-	3,021,236
8,526,616	-	8,526,616
971,969	-	971,969
8,939,792	-	8,939,792
4,496,615	(106,105)	4,390,510
9,773	-	9,773
1,874,366	2,700	1,877,066
430,631	(430,631)	-
68,447,801	(323,399)	68,124,402
(1,640,057)	(963,830)	(2,603,887)
54,650,580	(10,460,993)	44,189,587
3,490,776	131,888	3,622,664
\$ 56,501,299	\$ (11,292,935)	\$ 45,208,364

See Notes to Financial Statements

CITY OF EL MONTE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds		
	General	Retirement	Housing and Community Development
Assets:			
Pooled cash and investments	\$ 13,168,881	\$ 17,774,342	\$ 567,874
Receivables:			
Accounts	524,672	-	2,185
Taxes	5,942,198	964,536	-
Notes and loans	132,161	-	12,400,613
Accrued interest	320,285	-	-
Prepaid costs	15,128	-	-
Deposits	-	-	100
Due from other governments	103	-	784,254
Due from external parties	20,000	-	-
Due from other funds	1,723,114	-	-
Advances to other funds	44,006,378	-	13,195,872
Inventories	63,097	-	-
Land held for resale	-	-	1,845,000
Restricted assets:			
Cash and investments	94,324	-	3,365,758
Cash and investments with fiscal agents	3,603,667	-	-
Total Assets	\$ 69,614,008	\$ 18,738,878	\$ 32,161,656
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 846,373	\$ 468,579	\$ 315,561
Accrued liabilities	1,046,053	-	37,231
Due to other funds	-	-	479,008
Deferred revenues	2,119,423	-	15,379,268
Unearned revenues	122,333	-	1,041,678
Advances from other funds	-	-	-
Deposits payable	2,391,885	2,103	2,056
Due to other governments	-	-	6,244,022
Total Liabilities	6,526,067	470,682	23,498,824
Fund Balances:			
Reserved:			
Reserved for encumbrances	603,825	-	262,924
Reserved for land held for resale	-	-	1,845,000
Reserved for loans receivable	-	-	11,000,613
Reserved for prepaid cost	15,128	-	-
Reserved for inventories	63,097	-	-
Reserved for advances to other funds	44,006,378	-	-
Reserved for education programs	-	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Designated for continuing appropriations	38,718	-	-
Designated for leave benefits	2,064,957	-	-
Designated for claims & judgment	889,279	-	-
Designated for risk management	300,000	-	-
Designated for capital projects	3,807,314	-	-
Designated for freeway cleanup	227,969	-	-
Designated for retirement	-	18,268,196	-
Designated for working capital	2,000,000	-	-
Undesignated	9,071,276	-	(4,445,705)
Total Fund Balances	63,087,941	18,268,196	8,662,832
Total Liabilities and Fund Balances	\$ 69,614,008	\$ 18,738,878	\$ 32,161,656

See Notes to Financial Statements

CITY OF EL MONTE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	Capital Projects Fund		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 1,454,669	\$ 13,019,871	\$ 45,985,637
Receivables:			
Accounts	162,449	545,325	1,234,631
Taxes	121,307	1,219,560	8,247,601
Notes and loans	3,095,145	943,381	16,571,300
Accrued interest	-	-	320,285
Prepaid costs	-	6,005	21,133
Deposits	-	700	800
Due from other governments	-	1,446,218	2,230,575
Due from external parties	-	-	20,000
Due from other funds	51,561	600,624	2,375,299
Advances to other funds	828,798	1,621,440	59,652,488
Inventories	-	-	63,097
Land held for resale	8,514,330	-	10,359,330
Restricted assets:			
Cash and investments	-	-	3,460,082
Cash and investments with fiscal agents	1,098,269	1,581,108	6,283,044
Total Assets	\$ 15,326,528	\$ 20,984,232	\$ 156,825,302
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 66,334	\$ 755,798	\$ 2,452,645
Accrued liabilities	15,304	243,459	1,342,047
Due to other funds	621,124	1,275,167	2,375,299
Deferred revenues	708,206	3,861,286	22,068,183
Unearned revenues	-	77,392	1,241,403
Advances from other funds	58,076,624	1,740,031	59,816,655
Deposits payable	119,500	1,331,594	3,847,138
Due to other governments	-	266,884	6,510,906
Total Liabilities	59,607,092	9,551,611	99,654,276
Fund Balances:			
Reserved:			
Reserved for encumbrances	153,233	3,023,472	4,043,454
Reserved for land held for resale	8,514,330	-	10,359,330
Reserved for loans receivable	2,654,745	55	13,655,413
Reserved for prepaid cost	-	6,005	21,133
Reserved for inventories	-	-	63,097
Reserved for advances to other funds	575,584	-	44,581,962
Reserved for education programs	-	18,324	18,324
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	5,927,447	5,927,447
Designated for continuing appropriations	-	-	38,718
Designated for leave benefits	-	-	2,064,957
Designated for claims & judgment	-	-	889,279
Designated for risk management	-	-	300,000
Designated for capital projects	-	-	3,807,314
Designated for freeway cleanup	-	-	227,969
Designated for retirement	-	-	18,268,196
Designated for working capital	-	-	2,000,000
Undesignated	(56,178,456)	-	(51,552,885)
Total Fund Balances	(44,280,564)	11,432,621	57,171,026
Total Liabilities and Fund Balances	\$ 15,326,528	\$ 20,984,232	\$ 156,825,302

See Notes to Financial Statements

CITY OF EL MONTE

GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Fund balances of governmental funds	\$ 57,171,026
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in the governmental fund activity.	38,257,808
Long-term liabilities, claims and judgments and compensated absences have not been included in the governmental fund activity:	
Claims and judgments payable	(11,395,616)
Compensated absences payable	(6,845,516)
Bonds and notes	(43,090,153)
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(434,395)
Bond issuance costs are expended in the governmental funds, but are capitalized in the statement of net assets.	769,962
Governmental funds report deferred revenue for revenues not available shortly after year end to pay for the current period's expenditures. However, in the statement of activities, these revenues are recognized as revenue under the full accrual basis of accounting.	<u>22,068,183</u>
Net assets of governmental activities	<u>\$ 56,501,299</u>

CITY OF EL MONTE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Special Revenue Funds		
	General	Retirement	Housing and Community Development
Revenues:			
Taxes	\$ 36,592,376	\$ 8,438,562	\$ -
Licenses and permits	3,012,006	-	-
Intergovernmental	8,935,060	-	8,786,674
Charges for services	1,125,500	-	-
Use of money and property	2,975,839	(206,818)	248,059
Fines and forfeitures	742,139	-	-
Miscellaneous	446,076	-	-
Total Revenues	53,828,996	8,231,744	9,034,733
Expenditures:			
Current:			
General government	10,207,111	12,528,787	2,515,041
Public safety	30,234,387	-	659,187
Parks, recreation and cultural	-	-	-
Public works	3,562,922	-	225,916
Capital outlay	797,437	-	1,380,079
Debt service:			
Principal retirement	540,000	-	503,000
Interest and fiscal charges	320,139	-	496,918
Bond issuance cost	-	-	-
Total Expenditures	45,661,996	12,528,787	5,780,141
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,167,000	(4,297,043)	3,254,592
Other Financing Sources (Uses):			
Transfers in	445,631	-	-
Transfers out	(4,070,817)	-	-
Notes and loans issued	10,832	-	610,000
Total Other Financing Sources (Uses)	(3,614,354)	-	610,000
Net Change in Fund Balances	\$ 4,552,646	\$ (4,297,043)	\$ 3,864,592
Fund Balances:			
Beginning of year, as originally reported	\$ 54,079,402	\$ 22,565,239	\$ 4,798,240
Restatements	4,455,893	-	-
Beginning of year, as restated	58,535,295	22,565,239	4,798,240
Net Change in Fund Balances	4,552,646	(4,297,043)	3,864,592
End of fiscal year	\$ 63,087,941	\$ 18,268,196	\$ 8,662,832

See Notes to Financial Statements

CITY OF EL MONTE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Capital Projects Funds		
	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 915,863	\$ 7,675,789	\$ 53,622,590
Licenses and permits	-	106,313	3,118,319
Intergovernmental	-	6,090,400	23,812,134
Charges for services	-	1,226,606	2,352,106
Use of money and property	1,002,530	498,037	4,517,647
Fines and forfeitures	-	567,457	1,309,596
Miscellaneous	-	474,662	920,738
Total Revenues	1,918,393	16,639,264	89,653,130
Expenditures:			
Current:			
General government	1,450,933	5,843,867	32,545,739
Public safety	4,486,664	453,067	35,833,305
Parks, recreation and cultural	-	5,402,783	5,402,783
Public works	-	4,213,740	8,002,578
Capital outlay	-	596,997	2,774,513
Debt service:			
Principal retirement	158,413	234,078	1,435,491
Interest and fiscal charges	2,834,116	1,064,967	4,716,140
Bond issuance cost	12,226	-	12,226
Total Expenditures	8,942,352	17,809,499	90,722,775
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,023,959)	(1,170,235)	(1,069,645)
Other Financing Sources (Uses):			
Transfers in	2,422,877	7,576,654	10,445,162
Transfers out	(1,191,720)	(4,751,994)	(10,014,531)
Notes and loans issued	-	9,175	630,007
Total Other Financing Sources (Uses)	1,231,157	2,833,835	1,060,638
Net Change in Fund Balances	\$ (5,792,802)	\$ 1,663,600	\$ (9,007)
Fund Balances:			
Beginning of year, as originally reported	\$ (38,584,658)	\$ 9,848,025	\$ 52,706,248
Restatements	96,896	(79,004)	4,473,785
Beginning of year, as restated	(38,487,762)	9,769,021	57,180,033
Net Change in Fund Balances	(5,792,802)	1,663,600	(9,007)
End of fiscal year	\$ (44,280,564)	\$ 11,432,621	\$ 57,171,026

See Notes to Financial Statements

CITY OF EL MONTE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds \$ (9,007)

Amounts reported for governmental activities in the statement of activities differs because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (471,086)

The issuance of long-term liabilities (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. 1,707,088

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 48,673

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (541,437)

Governmental funds report deferred revenue for revenues not available shortly after year end to pay for the current period's expenditure. However, in the statement of activities, these revenues are recognized as revenue under the full accrual basis of accounting. (2,374,288)

Change in net assets of governmental activities \$ (1,640,057)

CITY OF EL MONTE

BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Budgetary Fund Balance, July 1 as restated	\$ 58,535,295	\$58,535,295	\$ 58,535,295	\$ -
Resources (Inflows):				
Taxes	35,391,989	35,391,989	36,592,376	1,200,387
Licenses and permits	3,120,300	3,120,300	3,012,006	(108,294)
Intergovernmental	7,989,604	7,989,604	8,935,060	945,456
Charges for services	962,500	962,500	1,125,500	163,000
Use of money and property	861,500	861,500	2,975,839	2,114,339
Fines and forfeitures	619,200	619,200	742,139	122,939
Other	271,200	271,200	446,076	174,876
Notes and loans issued	-	-	10,832	10,832
Transfers from other funds	15,000	15,000	445,631	430,631
Amounts available for appropriation	107,766,588	107,766,588	112,820,754	5,054,166
Charges to Appropriation (Outflow):				
General government				
City council	179,470	183,670	112,229	71,441
Administrative office	403,794	405,882	456,893	(51,011)
City clerk	174,286	171,275	158,439	12,836
Purchasing	120,759	126,575	145,908	(19,333)
Finance	497,568	533,512	480,550	52,962
City treasurer	118,183	121,376	114,858	6,518
City attorney	384,137	405,912	390,753	15,159
Public information office	3,250	3,250	25	3,225
Personnel	325,112	344,897	330,329	14,568
General city expense	2,463,630	2,752,011	503,875	2,248,136
Information technology	244,299	252,818	250,233	2,585
Community promotion	97,336	107,336	165,054	(57,718)
Sister city program	19,500	19,500	8,414	11,086
Election expenditures	60,000	173,000	69,565	103,435
Insurance and surety	6,528,300	6,545,300	5,447,472	1,097,828
Uninsured losses - general	1,331,000	1,319,000	1,201,840	117,160
License collection	235,810	241,024	219,433	21,591
Valley mall	98,600	99,878	104,839	(4,961)
El Monte museum	-	48,808	46,402	2,406
Public safety				
Code enforcement	722,143	737,039	636,876	100,163
Civil defense	49,950	71,205	31,681	39,524
Police	19,441,859	20,217,816	19,994,870	222,946
Police helicopter	673,746	702,678	665,171	37,507
Fire department	8,992,747	8,992,747	8,905,789	86,958
Public works				
Buildings and grounds	998,888	1,442,613	1,337,387	105,226
Building regulations	365,150	375,674	507,633	(131,959)
City planning fund	418,374	830,238	896,014	(65,776)
Graffiti removal	-	-	22,769	(22,769)
General engineering	403,377	459,869	583,068	(123,199)
Sanitary sewer maintenance	70,375	133,157	169,085	(35,928)
Parking lot maintenance	11,352	11,352	26,966	(15,614)
Community development	5,000	75,000	20,000	55,000
Capital outlay	1,398,411	992,106	797,437	194,669
Debt service:				
Principal retirement	540,000	540,000	540,000	-
Interest and fiscal charges	341,301	341,301	320,139	21,162
Transfers to other funds	48,227	3,669,656	4,070,817	(401,161)
Total charges to appropriations	47,765,934	53,447,475	49,732,813	3,714,662
Budgetary Fund Balance, June 30	\$ 60,000,654	\$54,319,113	\$ 63,087,941	\$ 8,768,828

See Notes to Financial Statements

CITY OF EL MONTE

BUDGETARY COMPARISON STATEMENT
 RETIREMENT FUND
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 22,565,239	\$ 22,565,239	\$ 22,565,239	\$ -
Resources (Inflows):				
Taxes	8,076,000	8,076,000	8,438,562	362,562
Use of money and property	-	-	(206,818)	(206,818)
Amounts available for appropriation	30,641,239	30,641,239	30,796,983	155,744
Charges to Appropriation (Outflow):				
General government	11,296,505	11,296,504	12,528,787	(1,232,283)
Total charges to appropriations	11,296,505	11,296,504	12,528,787	(1,232,283)
Budgetary Fund Balance, June 30	\$ 19,344,734	\$ 19,344,735	\$ 18,268,196	\$ (1,076,539)

See Notes to Financial Statements

CITY OF EL MONTE

BUDGETARY COMPARISON STATEMENT
HOUSING AND COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 4,798,240	\$ 4,798,240	\$ 4,798,240	\$ -
Resources (Inflows):				
Intergovernmental	4,634,858	4,634,858	8,786,674	4,151,816
Use of money and property	-	-	248,059	248,059
Notes and loans issued	25,000	25,000	610,000	585,000
Amounts available for appropriation	9,458,098	9,458,098	14,442,973	4,984,875
Charges to Appropriation (Outflow):				
General government	2,632,322	2,214,910	2,515,041	(300,131)
Public safety	680,571	670,502	659,187	11,315
Public works	1,004,113	281,824	225,916	55,908
Capital outlay	9,410	2,243,130	1,380,079	863,051
Debt service:				
Principal	-	83,000	503,000	(420,000)
Interest and fiscal charges	-	315,897	496,918	(181,021)
Total charges to appropriations	4,326,416	5,809,263	5,780,141	29,122
Budgetary Fund Balance, June 30	\$ 5,131,682	\$ 3,648,835	\$ 8,662,832	\$ 5,013,997

See Notes to Financial Statements

CITY OF EL MONTE

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006

	<u>Water Authority</u>
Assets:	
Current:	
Cash and investments	\$ 17,107
Receivables:	
Accounts	529,529
Notes and loans	50,000
Prepaid costs	154,949
Deferred cost	546,688
Restricted assets:	
Cash and investments	1,500,000
Cash with fiscal agent	408,520
Total Current Assets	<u>3,206,793</u>
Noncurrent:	
Advances to other funds	164,167
Capital assets - net of accumulated depreciation	3,906,527
Total Noncurrent Assets	<u>4,070,694</u>
Total Assets	<u>\$ 7,277,487</u>
Liabilities and Net Assets:	
Liabilities:	
Current:	
Accounts payable	\$ 91,425
Accrued payroll payable	31,156
Deposits payable	214,495
Compensated absences payable	71,126
Total Current Liabilities	<u>408,202</u>
Noncurrent:	
Compensated absences payable	162,411
Bonds, notes and loans payable	17,999,809
Total Noncurrent Liabilities	<u>18,162,220</u>
Total Liabilities	<u>18,570,422</u>
Net Assets:	
Invested in capital assets, net of related debt	3,906,527
Restricted for debt service	408,520
Unrestricted	(15,607,982)
Total Net Assets	<u>(11,292,935)</u>
Total Liabilities and Net Assets	<u>\$ 7,277,487</u>

See Notes to Financial Statements

CITY OF EL MONTE

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Water Authority</u>
Operating Revenues:	
Sales and service charges	\$ 2,986,262
Miscellaneous	<u>2,700</u>
Total Operating Revenues	<u>2,988,962</u>
Operating Expenses:	
Treatment	767,953
Administration and general	786,185
Depreciation	<u>299,205</u>
Total Operating Expenses	<u>1,853,343</u>
Operating Income (Loss)	<u>1,135,619</u>
Nonoperating Revenues (Expenses):	
Taxes	210,637
Interest revenue	(106,105)
Interest expense	(1,145,761)
Bond issuance cost amortization	<u>(627,589)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,668,818)</u>
Income (Loss) Before Transfers	(533,199)
Transfers out	<u>(430,631)</u>
Changes in Net Assets	(963,830)
Net Assets:	
Beginning of Fiscal Year, as originally reported	<u>(10,460,993)</u>
Restatements	<u>131,888</u>
Beginning of Fiscal Year, as restated	<u>(10,329,105)</u>
End of Fiscal Year	<u>\$ (11,292,935)</u>

CITY OF EL MONTE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2006

	<u>Water Authority</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 2,952,153
Cash paid to suppliers for good and services	(788,539)
Cash paid to employees for services	<u>(752,741)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,410,873</u>
Cash Flows From Noncapital Financing Activities:	
Tax revenues	210,637
Cash transfer to other funds	(430,631)
Advances to other funds	<u>(7,817)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(227,811)</u>
Cash Flows From Capital and Related Financing Activities:	
Purchases of capital assets	238,136
Transfer to escrow trust accounts	(776,879)
Principal paid on capital debt	(185,000)
Interest paid on capital debt	<u>(1,145,761)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,869,504)</u>
Cash Flows from Investing Activities:	
Interest received	<u>(106,105)</u>
Net Cash Provided (Used) by Investing Activities	<u>(106,105)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(792,547)
Cash and Cash Equivalents at Beginning of Year	<u>2,718,174</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,925,627</u>

See Notes to Financial Statements

CITY OF EL MONTE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 YEAR ENDED JUNE 30, 2006

	<u>Water Authority</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 1,135,619
Adjustments to reconcile operating income (loss) to income (loss) to net cash provided	
net cash provided (used) by operating activities:	
Depreciation	299,205
(Increase) decrease in accounts receivable	(38,166)
(Increase) decrease in prepaid expense	1,357
Increase (decrease) in accounts payable	(38,402)
Increase (decrease) in accrued liabilities	3,114
Increase (decrease) in deposits payable	17,816
Increase (decrease) in compensated absences	30,330
Total Adjustments	<u>275,254</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ 1,410,873</u>
Non-Cash Investing, Capital, and Financing Activities:	
Amortization of bond issuance costs	(627,589)
Refunding bond proceeds received in escrow trust fund	18,941,253
Debt defeased through escrow trust fund with refunding bonds	(18,394,564)
Deferred loss on refunding	(941,443)

CITY OF EL MONTE

STATEMENTS OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	<u>Pension Trust Fund Retiree Insurance</u>	<u>Agency Fund Payroll</u>
Assets:		
Cash and investments	\$ 191,495	\$ 20,029
Total Assets	\$ 191,495	\$ 20,029
Liabilities:		
Accounts payable	\$ 5,976	\$ 29
Due to external parties	-	20,000
Total Liabilities	5,976	20,029
Net Assets:		
Held in trust for pension benefits	\$ 185,519	\$ -

CITY OF EL MONTE

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Pension Trust Fund Retiree Insurance</u>
Additions:	
Contributions:	
Employer	\$ 50,000
Employee	31,448
Retiree	9,450
Investment earnings:	
Interest	<u>6,421</u>
Total Additions	<u>97,319</u>
Deductions:	
Benefits	<u>174,188</u>
Total Deductions	<u>174,188</u>
Change in Net Assets	(76,869)
Net Assets - Beginning	<u>262,388</u>
Net Assets - Ending	<u>\$ 185,519</u>

See Notes to Financial Statements

CITY OF EL MONTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

The City of El Monte (the City) was incorporated on November 18, 1912, as a general law city and operates under a Council/City Manager form of government. It is governed by an elected five-member council.

As required by generally accepted accounting principles, these financial statements present the City of El Monte (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of El Monte elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusions would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, component units balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. The following component units of the City have been included in the financial reporting entity as blended component units.

A description of these component units and the method of incorporating their financial information in the accompanying financial statements are summarized as follows:

El Monte Community Redevelopment Agency (Agency)

The El Monte Community Redevelopment Agency was established on February 29, 1972, pursuant to the State of California Health and Safety Code Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of El Monte. The financial activity of the Redevelopment Agency is reported in the City's financial statements as the Redevelopment Capital Projects Fund and the Redevelopment Debt Service Fund. The City council members act as the Agency's directors, designate management and have full accountability for the Agency's fiscal matters. Separate financial statements for the El Monte Community Redevelopment Agency of the City of El Monte can be obtained by contacting the City of El Monte City Clerk.

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

El Monte Public Financing Authority (Authority)

The Authority is a joint powers authority whose members are the City and the Agency. The Authority is duly organized and existing under a Joint Exercise of Powers agreement dated April 27, 1993, by and between the City and the Agency, under the provisions of Chapter 5 of Division 7 of Title 1 of the California Government Code. The officers of the City and the Agency serve as the officers of the Authority. The Authority has no taxing power and has no source of revenue other than the revenues for paying the debt service on the bonds. The financial activity of the Authority is reported in the Redevelopment Debt Service Fund. Separate financial statements are not prepared for the Authority.

El Monte Community Development Corporation (Corporation)

The El Monte Community Development Corporation was formed April 2, 2002, pursuant to the Non-Profit Public Benefit Corporation law of the State of California. Its purpose is to spend 15% of the City's annual HOME Partnership Investment allocation to increase and improve the community's supply of affordable housing for persons of low and moderate income. The City Council members act as the Agency's directors. There are no separate financial statements for the Corporation.

El Monte Water Authority (Water Authority)

The El Monte Water Authority was formed July 13, 1999, by the City of El Monte and the El Monte Community Redevelopment Agency under Article 1 (commencing with Section 6500) of the Joint Powers Law. Its purpose was to provide an entity to assist in providing financing, for purposes which are authorized by law, and which could lease, own, operate and maintain the water system of the City of El Monte. The City Council members act as the members of the Governing Board of the Water Authority. The financial activity of the Authority is reported in the City's financial statements as the Water Authority a Business Type Activity. There are no separate financial statements for the Water Authority.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues considered susceptible to accrual in those funds wherein revenue is recognized on a modified accrual basis is as follows: property and sales taxes, revenue from the use of money and property, interfund transfers, unbilled service receivables and intergovernmental revenue are all considered measurable and are recognized as revenue on a modified accrual basis; licenses, permits, fines and forfeitures and similar items are, for the most part, not susceptible to accrual and, consequently, are not recorded until received. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. Fiduciary Funds are accounted for on a full accrual basis.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Grants, entitlements or shared revenues recorded in governmental funds are recognized as revenue in the accounting period when they become susceptible to accrual, i.e., both measurable and available (modified accrual basis). Grants received before the revenue recognition criteria have been met are reported as unearned revenue, a liability account. Such resources not received are reported as a receivable if the revenue recognition criteria have been met.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

All proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned and become measurable; expenses are recognized when they are incurred. Unbilled service receivables are recorded as accounts receivable and as revenue when earned.

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Retirement Special Revenue Fund accounts for all revenues and expenditures associated with the retirement tax levy to fund the employee's pension fund.
- The Housing and Community Development Special Revenue Fund accounts for all monies received from the Community Development Block Grant provided by the Federal Housing and Community Development Act.
- The Redevelopment Agency Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities related to the Redevelopment Agency Project Areas.

The City reports the following major proprietary fund:

- The Water Authority is used to account for the operations of the City's water utility. All activities necessary to provide this service are accounted for in this Authority, including administration, operations, maintenance, capital improvement, billing, collection and depreciation.

Additionally, the City reports the following fund types:

- The Debt Service Fund accounts for the accumulation of resources for the payment of long-term debt principal and interest relating to the Redevelopment Agency.
- The Pension Trust Fund is used account for premiums paid for retirees and their families.
- The Agency Fund is used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprises Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

Cash and Investments

For purpose of the statement of cash flows, the City considered cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds. Since cash and investments are pooled, the City utilizes the assumption the cash and investments in the Enterprise Fund are cash and cash equivalents.

The cash management pool has the general characteristics of a demand deposit account in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Investments for the City are reported at fair value. The current year changes in fair value are recognized in the statement of revenue, expenditures and changes in fund balance. Investment in the State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.
- Public Safety includes those activities which involve the protection of people and property.
- Parks, recreation and cultural includes those activities which involve the park and recreation system.
- Public Works includes those activities which involve the maintenance and improvement of City streets, roads and park department development and maintenance.
- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Long-Term Receivables

Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

Inventories, Prepaid Items and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method. The General Fund inventory is accounted for on the consumption method and is equally offset by a reservation of fund balance in the fund-level statements, which indicates that it does not constitute "available spendable resources."

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

Land held for resale is recorded at the lower of cost or net realizable value. Fund balances in the governmental fund type have been reserved for amounts equal to the carrying value of land and buildings held for resale because such assets are not available to finance the City's current operations.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in the current year. As the City is still in the process of compiling the necessary data, and as permitted under GASB Statement No. 34, the City has not reported any infrastructure assets retroactively. Bond proceeds utilized in the acquisition of these assets have reduced the investment in capital assets portion of net assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10 - 42
Improvements	10 - 42
Public domain - infrastructure	25 - 40
Furniture and equipment	3 - 15
Pumping plant	7 - 50
Transmission and distribution plant	10 - 50

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than one and one-half times his regular annual entitlement. Sick leave is payable when an employee is unable to work because of illness. Upon termination, an employee will forfeit any unused sick leave. Upon retirement, one-half to a maximum of 800 hours is paid to the employee and the remaining one-half is credited to service retirement.

Typically, the City liquidates its compensated absences with general fund resources.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

e. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance, governmental funds, and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, claims and judgments and compensated absences have not been included in the governmental fund activity."

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

The detail of the (\$43,090,153) long-term liabilities difference is as follows:

Long-term debt:	
Certificates of participation	\$ 9,080,000
Tax allocation bonds	18,210,000
Revenue bonds	3,275,000
Note payable	12,649,819
Unamortized bond discount	<u>(124,666)</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ 43,090,153</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period."

The details of this \$(471,086) difference are as follows:

Capital outlay	\$ 1,053,385
Depreciation expense	<u>(1,524,471)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (471,086)</u>

Another element of that reconciliation states that "the issuance of long-term liabilities (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds." Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

City of El Monte
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

The details of this \$1,707,088 difference are as follows:

Debt issued or incurred:	
Notes payable	\$ (630,007)
Claims and judgments	(335,395)
Principal repayments:	
Notes payable	635,491
Certificates of participation	540,000
Tax allocation bonds	185,000
Revenue bonds	75,000
Claims and judgments	1,291,795
Amortization of bond discounts	(11,334)
Amortization of debt issuance costs	<u>(43,462)</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 1,707,088</u>

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public comments are received prior to its adoption by the Council. Supplemental appropriations, where required during the period are also approved by the Council and City Manager. Intradepartmental budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the department level, which is the legal level of control. During the year, several supplementary appropriations were necessary. At fiscal year-end all unencumbered appropriations lapse.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis which differs from generally accepted accounting principles (GAAP). The Budget Comparison Statements and Budgetary Comparison Schedules present comparisons of the legally adopted budget with actual data on the budgetary basis. The difference between the budgetary basis and GAAP are presented on the same financial statements. During the year, several supplementary appropriations were necessary. Individual amendments were not material in relation to the original appropriations.

City of El Monte
Notes to Financial Statements (Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

Budgets were not adopted for the Redevelopment Agency – Capital Projects Fund, Affordable Housing Development, County Aid to Cities, Local Law Enforcement Grant, Children's Lunch Program, and Redevelopment Agency – Debt Service Fund.

b. At June 30, 2006, the following funds had Deficit Fund Balances:

Special Revenue Funds:	
Miscellaneous Grants	(571,030)
Recreation Operation	(18,371)
Adult Sports	(73,777)
UDAG	(3,868)
Emergency Shelter Grant	(83,616)
County Aid to Cities	(46)
Senior Citizen Program	(113)
Park Bond Act	(536,547)
Children's Lunch Program	(94,907)
Capital Projects Funds:	
Redevelopment Agency - Capital Projects	(44,280,564)
Enterprise Fund:	
Water Authority	(11,292,935)

The fund deficits will be covered from future revenues to be received but not recognized due to GASB 33 requirements, which defers revenues not received within a reasonable amount of time (approximately 60 days).

c. Excess of Expenditures Over Appropriations are as Follows:

Fund	Expenditures	Appropriations	Excess
General Fund:			
General government:			
Administrative office	\$ 456,893	\$ 405,882	\$ 51,011
City clerk	145,908	126,575	19,333
Community promotion	165,054	107,336	57,718
Valley mall	104,839	99,878	4,961
Public works			
Building regulations	507,633	375,674	131,959
City planning fund	896,014	830,238	65,776
Graffiti removal	22,769	-	22,769
General engineering	583,068	459,869	123,199
Sanitary sewer maintenance	169,085	133,157	35,928
Parking lot maintenance	26,966	11,352	15,614
Major Special Revenue Funds:			
Retirement Fund			
General government	12,528,787	11,296,504	1,232,283
Housing and Community Development			
General government	2,415,583	2,214,810	200,773
Debt service			
Principal	602,458	83,000	519,458
Interest and fiscal charges	496,918	315,897	181,021

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2006, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 55,728,763
Business-type activities	1,925,627
Fiduciary funds	<u>211,524</u>
Total Cash and Investments	<u>\$ 57,865,914</u>

The City of El Monte maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2006, the carrying amount of the City's deposits was \$3,889,179 and the bank balance was \$4,818,265. The \$929,086 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provision of the City's investment policy, and in accordance with Section 53600 of the California Government Code, the following investments are authorized:

- United States Treasuries
- United States Government Agencies Securities
- Banker's Acceptances (BA's)
- Commercial Paper (CP)
- Medium Term Notes (MTN's)
- Local Agency Investment Fund (LAIF)
- Certificate of Deposits (CD's)

City of El Monte
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy limits investments in medium term notes (MTN's) to those rated "A" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2006, the City invested in Federal Farm Credit Bank, Federal National Mortgage Association, Federal Home Loan Bank and Federal Home Loan Mortgage Corporation which were all rated "AAA" by Moody's and by S&P. All securities were investment grade and were legal under State law. Investments in U.S. treasuries are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2006, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2006, none of the City's deposits or investments were exposed to custodial credit risk.

City of El Monte
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer to 15% of the total investment pool with the following exceptions: Treasury Securities (100%), LAIF (100%), Bankers Acceptances (40%), Commercial Paper (15%), Medium Term Notes (30%) and Certificates of Deposit (100%). With respect to concentration risk as of June 30, 2006, the City is in compliance with the investment policy's restrictions.

In accordance with GASB 40 requirements, the City is exposed to concentration risk whenever it has invested more than 5% of its total investments in any one issuer. As of June 30, 2006, the City has investments with the following issuers which exceed 5% of the total investment value:

Federal Farm Credit Bank	\$ 2,890,625	5.36%
Federal National Mortgage Association	1,980,656	3.67%
Federal Home Loan Bank	20,557,098	38.09%
Federal Home Loan Mortgage Corporation	2,894,230	5.36%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that, with the exception of the investment of bond proceeds and LAIF, investments may not exceed five years in maturity. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2006, the City had the following investments and original maturities:

	Investment Maturities (in Years)					Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	More than 5 years	
Money Market Mutual Funds	\$ 5,940,542	\$ -	\$ -	\$ -	\$ -	\$ 5,940,542
Federal Agency Securities						
Federal Farm Credit Bank	-	-	2,890,625	-	-	2,890,625
Federal National Mortgage Assoc.	991,250	-	988,771	-	635	1,980,656
Federal Home Loan Bank	-	-	20,557,098	-	-	20,557,098
Federal Home Loan Mortgage Corp.	-	-	2,894,230	-	-	2,894,230
Investment Agreement	-	-	-	-	751,335	751,335
U.S. Treasuries	1,993,090	-	-	-	-	1,993,090
Local Agency Investment Fund	16,969,159	-	-	-	-	16,969,159
	<u>\$ 25,894,041</u>	<u>\$ -</u>	<u>\$ 27,330,724</u>	<u>\$ -</u>	<u>\$ 751,970</u>	<u>\$ 53,976,735</u>

City of El Monte
Notes to Financial Statements (Continued)

Note 4: Notes Receivable

a. Calderon - Lil Toots Pre-School

On June 5, 1987, the El Monte Community Redevelopment Agency sold to the Calderons, owners of Lil Toots Pre-School, property within the Downtown El Monte Project Area. The Calderons executed two promissory notes in favor of the Agency, one on June 5, 1987 for \$58,667, and another note on April 19, 1988 for \$165,000, (the second note being for the construction of the new school.) The first note for \$58,667 was payable in 138 monthly installments, beginning December 1, 1988, of \$446 of principal and interest with the balance of \$50,674 payable May 1, 2000. The Calderons paid \$25,000 principal on first note in July 2001 and refinanced the balance for five years at 6%, the new payments being \$277.55 per month with the last payment due in July, 2006. The second note of \$165,000 is payable in 162 monthly installments beginning December 1, 1989, of \$1,547 of principal and interest with the balance of \$1,685 payable May 1, 2003. The note bears interest at the rate of 6% per annum. Both notes add the interest accrued prior to the first payment to the principal balance to be amortized over the life of the note. The loan was paid off in 2005-2006.

b. Pacific Place Expansion Project

On September 14, 2005, the City of El Monte executed a promissory note to JT LLC for the Pacific Place Expansion Project. The City used the Section 108 Loan 2004-A proceeds to fund this note. Principal payments are due annually beginning July 15, 2007, and range from \$130,000 to \$340,000. Interest payments on this note are due in quarterly installments on the first day of every calendar year quarter at a rate equal to the rate payable by the City to HUD.

c. L.T. Titan, Limited Partnership

On April 13, 2000, the El Monte Community Redevelopment Agency gave a loan of \$500,000 to L.T. Titan, Limited Partnership, backed by a deed of trust on the property at 10501-10507 Valley Boulevard. The principal is due January 12, 2001, and the interest rate is variable, based on the "East/West Bank Reference Rate." The Agency took out a corresponding \$500,000 loan from the East/West Bank due January 12, 2001, the quarterly interest payments of which are reimbursed by L.T. Titan, Limited Partnership. Both notes had been extended to October 30, 2002.

d. RTS Group

On August 10, 1993, the El Monte Community Redevelopment Agency sold to RTS Group property within the Ramona Boulevard Project Area. The RTS Group executed a promissory note in favor of the agency for \$500,000. The note bears interest at the rate of 6.0% per annum. Partial interest only monthly payments of \$2,500 commence on December 1, 1993, with the balance of such interest added to the principal balance of the note. Principal and interest monthly payments of \$3,582 commence March 1, 1994. The remaining principal and unpaid interest is due upon sale of the property.

e. Lee - "Blessed Rock of El Monte"

On April 3, 1996, the El Monte Community Redevelopment Agency sold to the "Blessed Rock of El Monte" property within the Downtown El Monte Low and Moderate Housing Area. Tom Lee executed a promissory note in favor of the Agency for \$706,213. The note bears interest at the rate of 1.0% to 4.0% per annum.

City of El Monte
Notes to Financial Statements (Continued)

Note 4: Notes Receivable (Continued)

f. L. T. Titan, Limited Partnership

On December 27, 2001, the El Monte Community Redevelopment Agency provided a loan to L. T. Titan, Limited Partnership, in the amount of \$200,000. This loan is for interest only until July 2004 at which time the principal balance is due. Interest accrues at a rate of 7.0% until February 28, 2003, at which time it changes to 4.0% until the note is due.

g. Singing Wood Senior Housing

On July 15, 2002, the El Monte Community Redevelopment Agency provided a loan to Singing Wood Senior Housing, a California Limited Partnership, in the amount of \$440,142.54. Interest shall accrue on the loan at the rate of 3% per annum until the loan is paid in full. Annual payments are to commence on or before April 15 of the first full year after the first residential unit is rented and continue on April 15 each year thereafter until all principal and interest accrued thereon has been repaid. The annual payment shall be derived from 50% of annual residual receipts derived from the operation of the project. All outstanding indebtedness, including interest, must be repaid in full at the end of the 30-year term of the loan.

h. TDF Senior Housing

This "Original Project Gap Loan" was approved on January 1, 2003. The note bears interest at 3% for a term of 45 years.

i. Penske Realty

On February 3, 2005, the El Monte Community Redevelopment Agency provided a note to Penske Realty, Inc., in the amount of \$3,000,000 for automobile retail sales and service improvements and the construction and installation of a multi-story motor vehicle parking structure to be used by Longo Toyota, Longo Scion and Longo Lexus. Interest accrues at a variable rate, but shall not to exceed 10% per annum. Principal payments of \$150,000 shall be due commencing on January 1, 2005 until paid in full. Principal and interest are due semi-annually. During 2005-2006, the full balance of the loan was forgiven pursuant to specific terms of the agreement.

As of June 30, 2006, the following loans receivable were outstanding:

L.T. Titan, Limited Partnership	500,833
RTS Group	179,260
Lee - "Blessed Rock of El Monte"	430,794
L.T. Titan, Limited Partnership	200,333
Singing Wood Senior Housing	724,770
TDF Senior Housing	572,646
Various Housing Deferred Loans and Other Assistance	11,487,664
Water Authority	50,000
	<u>\$ 16,621,300</u>

City of El Monte
Notes to Financial Statements (Continued)

Note 5: Land Held for Resale

The City and Agency acquired several parcels of land or initiated condemnation proceedings to acquire land for redevelopment purposes. The carrying amount of land is reported at cost. As of June 30, 2006, the Agency has executed several Disposition and Development Agreements with developers for the redevelopment of real property located within various redevelopment project areas. Under the agreements, the Agency agrees to sell the subject properties to the developers and the developers agree to purchase the properties from the Agency. At June 30, 2006, the City and Agency's investment in land held for resale amounted to:

Housing and Community Development Fund	\$ 1,845,000
El Monte Center Amendment #1 Project Area - Project Fund	1,107,500
Downtown El Monte Project Area - Project Fund	6,933,830
Downtown El Monte Project Area - Low and Moderate Housing Fund	<u>473,000</u>
Total Land Held for Resale	<u>\$ 10,359,330</u>

Note 6: Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Adjustments*	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 7,227,451	\$ 3,000,000	\$ 10,227,451	\$ 288,200	\$ -	\$ 10,515,651
Construction-in-progress	14,887,574	-	14,887,574	500,000	-	15,387,574
Total Capital Assets, Not Being Depreciated	<u>22,115,025</u>	<u>3,000,000</u>	<u>25,115,025</u>	<u>788,200</u>	<u>-</u>	<u>25,903,225</u>
Capital assets, being depreciated:						
Land improvements	4,944,675	-	4,944,675	-	-	4,944,675
Structures and improvements	17,905,459	-	17,905,459	-	-	17,905,459
Furniture and equipment	15,262,304	-	15,262,304	265,185	2,212,606	13,314,883
Infrastructure	446,308	-	446,308	-	-	446,308
Total Capital Assets, Being Depreciated	<u>38,558,746</u>	<u>-</u>	<u>38,558,746</u>	<u>265,185</u>	<u>2,212,606</u>	<u>36,611,325</u>
Less accumulated depreciation:						
Land improvements	3,496,842	-	3,496,842	177,764	-	3,674,606
Structures	8,873,324	-	8,873,324	435,361	-	9,308,685
Furniture and equipment	12,042,967	481,621	12,524,588	894,582	2,212,606	11,206,564
Infrastructure	50,123	-	50,123	16,764	-	66,887
Total Accumulated Total Accumulated Depreciation	<u>24,463,256</u>	<u>481,621</u>	<u>24,944,877</u>	<u>1,524,471</u>	<u>2,212,606</u>	<u>24,256,742</u>
Total Capital Assets, Being Depreciated, Net	<u>14,095,490</u>	<u>(481,621)</u>	<u>13,613,869</u>	<u>(1,259,286)</u>	<u>-</u>	<u>12,354,583</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,210,515</u>	<u>\$ 2,518,379</u>	<u>\$ 38,728,894</u>	<u>\$ (471,086)</u>	<u>\$ -</u>	<u>\$ 38,257,808</u>

* Adjustments were made for land purchased in the prior year but not recorded and prior years accumulated depreciation.

City of El Monte
Notes to Financial Statements (Continued)

Note 6: Capital Assets (Continued)

	Beginning Balance	Adjustments*	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:						
Capital assets, not being depreciated:						
Land	\$ 310,748	\$ -	\$ 310,748	\$ -	\$ -	\$ 310,748
Total Capital Assets, Not Being Depreciated	310,748	-	310,748	-	-	310,748
Capital assets, being depreciated:						
Structures and improvements	3,103,515	-	3,103,515	-	34,432	3,069,083
Furniture and equipment	3,777,904	-	3,777,904	12,247	-	3,790,151
Infrastructure	2,072,685	-	2,072,685	4,020	273,041	1,803,664
Total Capital Assets, Being Depreciated	8,954,104	-	8,954,104	16,267	307,473	8,662,898
Less accumulated depreciation:						
Structures and improvements	1,862,674	12,438	1,875,112	113,316	17,603	1,970,825
Furniture and equipment	2,078,973	10,494	2,089,467	101,243	-	2,190,710
Infrastructure	1,011,225	(154,820)	856,405	84,646	35,467	905,584
Total Accumulated Depreciation	4,952,872	(131,888)	4,820,984	299,205	53,070	5,067,119
Total Capital Assets, Being Depreciated, Net	4,001,232	131,888	4,133,120	(282,938)	254,403	3,595,779
Business-Type Activities Capital Assets, Net	<u>\$ 4,311,980</u>	<u>\$ 131,888</u>	<u>\$ 4,443,868</u>	<u>\$ (282,938)</u>	<u>\$ 254,403</u>	<u>\$ 3,906,527</u>

* Adjustments were made for land purchased in the prior year but not recorded and prior years accumulated depreciation.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 706,993
Public safety	672,900
Parks and recreation	72,011
Public works	72,567
Total Governmental Activities Depreciation	<u>\$ 1,524,471</u>
Business-Type Activities:	
Water authority	\$ 299,205
Total Business Activities Depreciation	<u>\$ 299,205</u>

City of El Monte
Notes to Financial Statements (Continued)

Note 7: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2006 is as follows:

Due To/From Other Funds

Funds	Due to Other Funds			Total
	Housing and Community Development	Redevelopment Agency - Capital Projects	Nonmajor Governmental Funds	
Due From Other Funds:				
Governmental Funds:				
General	\$ 479,008	\$ 20,500	\$ 1,223,606	\$ 1,723,114
Redevelopment Agency Capital Projects	-	-	51,561	51,561
Nonmajor governmental funds	-	600,624	-	600,624
Total	<u>\$ 479,008</u>	<u>\$ 621,124</u>	<u>\$ 1,275,167</u>	<u>\$ 2,375,299</u>

The due to General Fund of \$479,008 from the Housing and Community Development Funds and various nonmajor funds of \$1,222,861 was a result of temporary deficit cash balances in those funds. The remaining balance of \$20,500 from the Redevelopment Agency – Capital Projects Fund and \$745 from the Redevelopment Agency–Debt Service Fund (nonmajor fund) was the current year interest accrual on long-term loans.

The due to Redevelopment Agency - Capital Projects in the amount of \$600,624 was the result of funding for various capital projects.

Advances To/From Other Funds

Funds	Advances From Other Funds		Total
	RDA Capital Projects	RDA Debt Service	
Advances To Other Funds:			
General Fund	\$ 43,095,145	\$ 911,233	\$ 44,006,378
Housing and Community Development	13,195,872	-	13,195,872
Water Authority	164,167	-	164,167
RDA Capital Projects	-	828,798	828,798
Nonmajor governmental fund	1,621,440	-	1,621,440
Total	<u>\$ 58,076,624</u>	<u>\$ 1,740,031</u>	<u>\$ 59,816,655</u>

During the current and previous fiscal years, the City of El Monte has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated within the next fiscal year. As of June 30, 2006, loans and accrued unpaid interest owed were \$58,987,857. In addition, the Redevelopment Agency – Capital Projects Fund has made loans of \$828,798 to the Redevelopment Agency – Debt Service Fund to pay for ERAF payments in the current and prior years.

City of El Monte
Notes to Financial Statements (Continued)

Note 7: Interfund Receivable, Payable, and Transfers (continued)

Interfund Transfers

	Transfers In			Total
	General Fund	Redevelopment Agency Capital Projects	Nonmajor Governmental Funds	
Transfers Out:				
Governmental Funds:				
General	\$ -	\$ -	\$ 4,070,817	\$ 4,070,817
Redevelopment Agency Capital Projects	-	-	1,191,720	1,191,720
Water Authority	430,631	-	-	430,631
Nonmajor Governmental Funds	15,000	2,422,877	2,314,117	4,751,994
Total	\$ 445,631	\$ 2,422,877	\$ 7,576,654	\$ 10,445,162

The transfer of \$4,070,817 from the General Fund to various nonmajor funds was the result of restricted funds utilized for the intended purposes.

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year were \$445,631.

The El Monte Redevelopment Agency Debt Service Fund transferred \$2,422,877 to the Redevelopment Agency Capital Projects fund and \$289,117 to various nonmajor funds for the funding of capital projects.

Note 8: Long-Term Debt

a. Governmental-Type Changes in Long-Term Debt - Governmental Activities

The following is a schedule of changes in long-term debt for the fiscal year ended June 30, 2006.

	Balance July 1, 2005	Adjustments*	Additions	Deletions	Balance June 30, 2006	Due Within One Year
Tax allocation bonds	\$ 18,395,000	\$ -	\$ -	\$ 185,000	\$ 18,210,000	\$ 465,000
Revenue bonds	3,350,000	-	-	75,000	3,275,000	80,000
Certificates of Participation						
Series 2003-A	6,585,000	-	-	385,000	6,200,000	405,000
Series 2003-B	3,035,000	-	-	155,000	2,880,000	165,000
Notes payable	13,274,234	(618,931)	630,007	635,491	12,649,819	646,685
Accrued employee benefits	6,304,078	-	1,940,698	1,399,260	6,845,516	2,064,957
Claims and judgments	12,352,016	-	335,395	1,291,795	11,395,616	889,279
Total	\$ 63,295,328	\$ (618,931)	\$ 2,906,100	\$ 4,126,546	\$ 61,455,951	\$ 4,715,921
Unamortized Bond Discount					(124,666)	
					\$ 61,331,285	

* Adjustment was made to reduce the CRF loan for payments made in the prior year

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

Notes and Loans Payable

HUD Section 108 Loan 199-A

On April 18, 1999, the City issued \$2,200,000 of U.S. Government Guaranteed Notes, Series 1999-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes the following:

- a. Future entitlements that the City may become eligible for under Section 106 of Title I of the Housing and Community Development Act of 1974; and
- b. Program income

The notes mature from 1999 to 2018, and bear varying interest rates. The principal balance outstanding as of June 30, 2006 was \$1,710,000. The total debt service payment requirements with respect to the loan are as follows:

	HUD Section 108 Loan 1999-A	
	Principal	Interest
2006 - 2007	90,000	105,174
2007 - 2008	95,000	99,841
2008 - 2009	100,000	94,181
2009 - 2010	110,000	87,988
2010 - 2011	115,000	81,225
2011 - 2016	680,000	287,718
2016 - 2021	520,000	53,160
Totals	<u>\$ 1,710,000</u>	<u>\$ 809,287</u>

HUD Section 108 Loan 2001-A

On August 9, 2001, the City issued \$2,500,000 of U.S. Government Guaranteed Notes, Series 2001-A, guaranteed by the Secretary of Housing and Urban Development. The notes mature from 2002 to 2020 with interest payments ranging from \$7,315 to \$74,015. The principal balance outstanding as of June 30, 2006 was \$2,193,000. The total debt service payment requirements with respect to the loan are as follows:

	HUD Section 108 Loan 2001-A	
	Principal	Interest
2006 - 2007	\$ 89,000	\$ 132,278
2007 - 2008	95,000	127,433
2008 - 2009	101,000	122,109
2009 - 2010	109,000	116,226
2010 - 2011	115,000	109,830
2011 - 2016	708,000	432,355
2016 - 2021	976,000	168,015
Totals	<u>\$ 2,193,000</u>	<u>\$ 1,208,246</u>

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

HUD Section 108 Loan 2004-A

On June 16, 2004, the City issued \$2,200,000 of U.S. Government Guaranteed Notes, Series 2004-A, guaranteed by the Secretary of Housing and Urban Development. The notes mature from 2005 to 2024, with interest payments ranging from \$6,461 to \$57,998. The principal balance outstanding as of June 30, 2006 was \$2,140,000. The total debt service payment requirements with respect to the loan are as follows:

	HUD Section 108 Loan 2004-A	
	Principal	Interest
2006 - 2007	\$ 60,000	\$ 113,684
2007 - 2008	65,000	111,581
2008 - 2009	70,000	109,004
2009 - 2010	75,000	105,984
2010 - 2011	80,000	102,536
2011 - 2016	475,000	446,928
2016 - 2021	620,000	299,967
2021 - 2026	695,000	89,513
Totals	<u>\$ 2,140,000</u>	<u>\$ 1,379,197</u>

HUD Section 108 Loan 2004-A

On August 25, 2004, the City issued \$4,000,000 of U.S. Government Guaranteed Notes, Series 2004-A, guaranteed by the Secretary of Housing and Urban Development the note notes mature from 2007 to 2024 with interest payments due quarterly bearing a variable interest rate equal to 0.2% of the applicable LIBO Rate, and shall be adjusted monthly. As of June 30, 2006, the City has only received \$3,325,000 of the loan. A repayment schedule based on the \$3,325,000 received has not been provided as the City will receive the remaining amount of the loan in 2006-2007.

Alfred Madrid Middle School Loan

On March 8, 1994, the City has entered into an agreement with the Mountain View School District to assist in the funding to design and install certain public improvements at the Alfred Madrid Middle School. At June 30, 2006, the balance amounted to \$265,712 and has no set repayment schedule.

Tyler Loan

On September 2, 2003, the City entered into an agreement with the County of Los Angeles to purchase land for \$1,200,000. The City paid \$100,000 cash and was issued a promissory note secured by a deed of trust in the amount of \$1,100,000. Principal and interest are due annually commencing on September 1, 2004. The loan bears interest at the rate of 6.25% per annum with payments ranging from \$17,188 to 68,750. As of June 30, 2006, the outstanding principal balance was \$550,000. The total debt service payment requirements with respect to the loan are as follows:

	Tyler Loan	
	Principal	Interest
2006 - 2007	\$ 275,000	\$ 34,375
2007 - 2008	275,000	17,188
Totals	<u>\$ 550,000</u>	<u>\$ 51,563</u>

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

Community Reinvestment Fund, Inc. (CRF) Loans

During 2003, CRF, a non-profit community lending institution made a loan of \$1,900,000 to the Agency to satisfy its remaining obligations under the terms of the 2002 Gunderson Grant Agreement for real property acquisition and new car retail sales and service job creation. Monthly payments commenced on this obligation during July 2003, and will continue until June 2013, at which time the remaining principal balance of \$1,224,297 will be due. Interest on unpaid principal accrues at the rate of 5.65% per annum. At June 30, 2006, the principal balance outstanding was \$1,089,037. The total debt service payment requirements with respect to the loan are as follows:

2003 CRF Loan		
	Principal	Interest
2006 - 2007	\$ 99,804	\$ 58,973
2007 - 2008	105,591	53,185
2008 - 2009	111,714	47,062
2009 - 2010	118,192	40,587
2010 - 2011	125,045	33,731
2011 - 2016	528,691	44,100
Totals	<u>\$ 1,089,037</u>	<u>\$ 277,638</u>

On October 14, 2004, an additional loan of \$965,000 was made to the City. Principal and interest are due monthly commencing on November 1, 2004, and will continue until July 2014 at which time the remaining principal balance of \$637,661 will be due. Interest on unpaid principal accrues at the rate of 5.65% per annum. As of June 30, 2006, the principal balance outstanding was \$911,966. The total debt service payment requirements with respect to the loan are as follows:

2004 CRF Loan		
	Principal	Interest
2006 - 2007	\$ 32,881	\$ 50,684
2007 - 2008	34,787	48,777
2008 - 2009	36,804	46,759
2009 - 2010	38,939	44,625
2010 - 2011	41,196	42,367
2011 - 2016	727,359	80,412
Totals	<u>\$ 911,966</u>	<u>\$ 313,624</u>

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

County of Los Angeles Reimbursement Agreement

During 2003-04, the County of Los Angeles implemented the repayment provisions of Agreement 45043 between the County and the Agency – El Monte Center Redevelopment Project. This Agreement related to tax increment adjustments and overpayments between 1988 and 1995 in the amount of \$324,818. However, this indebtedness was to be subordinated to The Haagen Note and any other indebtedness where the proceeds thereof are used and applied solely to discharge the Haagen Note. Since that time, the Haagen Note has been retired through bond issues of the Agency. This obligation to the County, together with accrued interest thereon, shall be paid in full from tax increment revenues by a date no later than July 1, 2027. The terms of this repayment are presently being negotiated between the Agency and the County. At June 30, 2006, the principal balance outstanding, together with accrued interest through that date was \$465,104.

Bonds Payable

A description of individual issues of bonds outstanding as of June 30, 2006 is as follows:

El Monte Center and Amendment Tax Allocation Bonds, Series 1998	\$ 4,784,168
Downtown El Monte Tax Allocation Bonds, Series 1998	3,415,832
El Monte Center and Amendment Housing Revenue Bonds, Series 1998	1,386,506
Downtown El Monte Housing Revenue Bonds, Series 1998	1,574,414
Northwest El Monte Housing Revenue Bonds, Series 1998	314,080
El Monte Center and Amendment Tax Allocation Bonds, Series 2005	4,076,072
Downtown El Monte Tax Allocation Bonds, Series 2005	4,241,237
El Monte Center and Amendment Housing Revenue Bonds, Series 2005	846,346
Downtown El Monte Housing Revenue Bonds, Series 2005	846,345
Total	<u>\$ 21,485,000</u>

The El Monte Public Financing Authority has issued the following tax allocation bonds, the proceeds of which were loaned to the Redevelopment Agency to finance certain redevelopment activities of the Agency and, in some cases, to refinance prior debt. The bonds are special obligations of the Authority payable from and secured by revenues consisting primarily of amounts payable by the Agency under the loan agreements.

1998 Tax Allocation Bonds

During 1998-1999, \$9,655,000 of the Downtown El Monte Redevelopment Project Area, the El Monte Center Redevelopment Project Area and the El Monte Center Amendment #1 Redevelopment Project Area Tax Allocation Bonds, Series 1998 were issued. These bonds are dated November 1, 1998, and are secured by a first lien on Tax Increment Revenue of the Project Areas, excluding any portion of the above mentioned revenues which are required to be deposited to the Agency's Low and Moderate Income Housing Fund. Interest on the Certificate is payable semi-annually each June 1 and December 1. Principal payments begin June 1, 1999, and continue on June 1 of each year through June 1, 2028. The total debt service payment requirements with respect to the above bonds are as follows:

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

Tax Allocation Revenue Bonds, Series 1998		
	Principal	Interest
2006 - 2007	\$ 195,000	\$ 468,878
2007 - 2008	210,000	459,053
2008 - 2009	215,000	448,213
2009 - 2010	235,000	435,850
2010 - 2011	245,000	422,338
2011 - 2016	1,445,000	1,883,988
2016 - 2021	1,910,000	1,418,525
2021 - 2026	2,520,000	803,850
2026 - 2031	1,225,000	106,663
Totals	<u>\$ 8,200,000</u>	<u>\$ 6,447,358</u>

1998 Housing Set-Aside Revenue Bonds

During 1998-1999, \$3,810,000 of the Agency's Low and Moderate Income Housing Program, Housing Set-Aside Revenue Bonds, Series 1998 were issued. These bonds are dated November 1, 1998, and are secured by a first lien on Tax Increment Revenue of the Project Areas. Interest on the Certificate is payable semi-annually each June 1 and December 1. Principal payments begin June 1, 1999, and continue on June 1 of each year through June 1, 2028. The total debt service payment requirements with respect to the above bonds are as follows:

El Monte PFA - Housing Set-Aside Revenue Bonds, Series 1998		
	Principal	Interest
2006 - 2007	\$ 80,000	\$ 187,333
2007 - 2008	85,000	183,258
2008 - 2009	90,000	178,825
2009 - 2010	95,000	173,650
2010 - 2011	95,000	168,188
2011 - 2016	570,000	752,388
2016 - 2021	765,000	566,088
2021 - 2026	1,005,000	320,563
2026 - 2031	490,000	42,838
Totals	<u>\$ 3,275,000</u>	<u>\$ 2,573,131</u>

2005 Subordinate Tax Allocation Bonds

During 2004-2005, \$10,010,000 of the El Monte Public Financing Authority, Subordinate Tax Allocation Revenue Bonds, Series 2005 were issued. These bonds are dated May 4, 2005, and are secured by the Pledged Tax Revenues to be derived from multiple project areas, excluding any portion of the above mentioned revenues which are required to be deposited to the Agency's Low and Moderate Income Housing Fund. Interest on the Bonds is payable semi-annually each June 1 and December 1, commencing December 1, 2005, at rates which range from 3.30% to 5.35%. Principal payments begin June 1, 2007, and continue on June 1 of each year through June 1, 2028. The proceeds from these Bonds were utilized to refund the Subordinate Tax Allocation Notes (Multiple Redevelopment Project Areas), Series 2000A, the Subordinate Tax Allocation Notes

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

(Downtown El Monte Redevelopment Project Area), Series 2002A, to pay the cost of issuance and to establish a reserve fund. The total debt service payment requirements with respect to the above bonds are as follows:

Subordinate Tax Allocation Bonds, Series 2005		
	Principal	Interest
2006 - 2007	\$ 270,000	\$ 803,178
2007 - 2008	280,000	494,268
2008 - 2009	290,000	484,188
2009 - 2010	300,000	472,588
2010 - 2011	315,000	459,988
2011 - 2016	1,810,000	2,065,958
2016 - 2021	2,315,000	1,560,630
2021 - 2026	2,995,000	881,413
2026 - 2031	1,435,000	116,095
Totals	<u>\$ 10,010,000</u>	<u>\$ 7,338,306</u>

2003 Certificates of Participation

On January 14, 2003, the City of El Monte issued \$7,310,000 Variable Rate Demand Certificates of Participation Series 2003A and \$3,315,000 Taxable Variable Rate Demand Certificates of Participation Series 2003B. Interest on the Series 2003A and 2003B is 2.92% and 4.91%, respectively, and is payable January 1 and July 1 of each year commencing January 1, 2004. The total debt service payment requirements with respect to the above certificates are as follows:

	Certificates of Participation, Series 2003-A		Certificates of Participation, Series 2003-B	
	Principal	Interest	Principal	Interest
2006 - 2007	405,000	181,040	165,000	141,408
2007 - 2008	420,000	169,214	175,000	133,306
2008 - 2009	440,000	156,950	190,000	124,714
2009 - 2010	460,000	144,102	200,000	115,386
2010 - 2011	480,000	130,670	215,000	105,564
2011 - 2016	2,730,000	430,554	1,295,000	356,221
2016 - 2021	1,265,000	55,772	640,000	47,628
Totals	<u>\$ 6,200,000</u>	<u>\$ 1,268,302</u>	<u>\$ 2,880,000</u>	<u>\$ 1,024,227</u>

Claims and Judgments

As of June 30, 2006, the City is party to certain lawsuits. After reviewing these lawsuits with legal counsel, management has estimated the potential claims against the City, not covered by insurance, resulting from such litigation. These claims and judgments are generally liquidated by the General Fund. At June 30, 2006, total estimated claims payable was \$11,395,616.

The schedule of debt service requirements for the Madrid Middle School loan and the County of Los Angeles Reimbursement Agreement were not included since debt service payments are not on a fixed schedule. The debt service schedule for the \$4,000,000

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

Series 2004-A HUD Section 108 Loan was not included since the entire loan was not received prior to June 30, 2006.

b. Business-Type Changes in Long-Term Debt

	Balance at July 1, 2005	Additions	Deletions	Defeased	Balance at June 30, 2006	Due within one year
1999 Water Authority Revenue Bonds	\$ 13,035,000	\$ -	\$ 185,000	\$ 12,850,000	\$ -	\$ -
2001 Subordinate Revenue Bond Anticipation Notes	5,380,000	-	-	5,380,000	-	-
2006 Refunding Revenue Bond	-	18,805,000	-	-	18,805,000	-
Accrued Employee Benefits	203,207	70,681	40,351	-	233,537	71,126
Total	\$ 18,618,207	\$ 18,875,681	\$ 225,351	\$ 18,230,000	\$ 19,038,537	\$ 71,126
Unamortized Bond Premium					136,253	
Unamortized Loss on Defeasance					(941,444)	
					\$ 18,233,346	

In July 1999, a Joint Powers Agreement was entered into by the governing board of the City which, in turn, created and established the El Monte Water Authority. The Water Authority was created to continue the operations of the Water Enterprise, to lease its assets to the City and to make payments on the debt issued.

2006 Refunding Revenue Bonds

In June 2006, the El Monte Water Authority issued \$18,805,000 Refunding Revenue Bonds, Series 2006 which are secured by net water revenues of the Authority. Interest on the Bonds is payable semi-annually each March 1 and September 1, commencing March 1, 2007, at rates which range from 3.35% to 5.00%. Principal payments begin September 1, 2007, and continue on September 1 of each year through September 1, 2036, and range from \$195,000 to \$1,130,000. The proceeds from these Bonds were utilized to refund and defease \$12,850,000 in 1999 Revenue Bonds and \$5,380,000 in 2001 Revenue Bond Anticipation Notes and to pay the cost of issuance and to establish a reserve fund.

As a result, the 1999 Revenue Bonds and 2001 Revenue Bond Anticipation Notes are considered to be defeased and the liability for those bonds has been removed from long-term debt. The advance refunding resulted in a decrease in the Authority's debt service payments over the next 29 years of approximately \$3,948,359. The economic gain (difference between the present values of the debt service payments on the old and new debt) amounts to approximately \$819,994.

City of El Monte
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

The total debt service payment requirements with respect to the above bonds are as follows:

	2006 Refunding Revenue Bonds	
	Principal	Interest
2006 - 2007	\$ -	\$ 600,300
2007 - 2008	195,000	840,906
2008 - 2009	385,000	831,095
2009 - 2010	390,000	817,823
2010 - 2011	405,000	804,008
2011 - 2016	2,260,000	3,784,584
2016 - 2021	2,735,000	3,294,911
2021 - 2026	3,370,000	2,638,710
2026 - 2031	4,235,000	1,754,950
2031 - 2036	4,510,000	582,000
2036 - 2041	320,000	8,000
Sub-Totals	\$ 18,805,000	\$ 15,957,287
Unamortized premium	136,253	
Unamortized loss on defeasance	(941,444)	
Total	\$ 17,999,809	

2001 Subordinate Revenue Bond Anticipation Notes

In September 2001, the El Monte Water Authority issued \$5,380,000 Subordinate Revenue Bond Anticipation Notes 2001 series. The notes bear interest at a rate of 4.05% per annum. The principal on the note is due September 2006, with annual interest payments of \$217,890. The proceeds of the note will be used to finance a portion of the El Monte Aquatic Center Project and/or other capital improvements within and of benefit to the City and the water enterprise. The Authority's ability to pay the principal of the notes is dependent on the Authority's abilities to issue and sell refunding obligations or obtaining other sources of funds. In June 2006, these notes were defeased with the issuance of the 2006 Refunding Revenue Bonds. As of June 30, 2006, the outstanding balance was \$0.

1999 Revenue Bonds

In September 1999, the El Monte Water Authority issued \$13,860,000 in new Revenue Bonds. The term bonds maturing in 2034 and having interest rates ranging from 5.6% to 6.0% generated \$10,561,691 in project funds, the proceeds of which were intended to pay the initial lease payment for the lease of the Water System, to provide for certain public capital improvements, and to fund a reserve fund and pay costs of issuance of the debt. At the time of the issuance of the debt, the anticipated usage of the project funds were \$4,000,000 for the Civic Center, \$4,000,000 for public improvements, \$1,500,000 for the proposed Aquatic Center, and the remainder for Water Department Land and Improvements. In June 2006, these bonds were defeased with the issuance of the 2006 Refunding Revenue Bonds. As of June 30, 2006, the outstanding balance was \$0.

**City of El Monte
Notes to Financial Statements (Continued)**

Note 9: SB 55 Special Assessment

With the uncertainty of meeting future maturing interest and principal requirements on the Agency's Tax Allocation Bond issues as a result of Proposition 13, the Agency established special assessment districts within the two project areas.

These assessment areas are provided for under Chapter 9, Section 33800 of the Health and Safety Code (SB 55). The law provides for the money collected to be used for the payment of indebtedness incurred prior to July 1, 1978. This money, when collected by the City, must be paid to the Agency for the purpose intended (Section 33844 of the Health and Safety Code). These assessments may terminate in the future when tax increment revenues are sufficient to maintain debt service requirements on the bonds.

Note 10: Non-Committal Debt

On January 15, 1999, the City issued Certificates of Participation, Series 1999 (Department of Public Social Services Facility) in the amount of \$39,345,000. Proceeds of the sale of the certificates will be used to finance the acquisition of real property and to construct a Department of Public Social Services building to be occupied by the County of Los Angeles. The balance outstanding on these bonds at June 30, 2006 is \$35,800,000.

IV. OTHER INFORMATION

Note 11: Retirement Plan

a. PERS

Plan Description

The City of El Monte contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan.

PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 17.678% for non-safety (miscellaneous) employees and 33.975% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

For fiscal year ending June 30, 2006, the City's annual pension cost of \$5,113,623 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: a) 7.75% investment rate of return (net of administrative expenses), b) projected

City of El Monte
Notes to Financial Statements (Continued)

Note 11: Retirement Plan (Continued)

annual salary increases between 3.25% and 14.45% that vary by age, duration of service, and c) 3% per year cost-of-living adjustments. Both a) and b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a 15 year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2004, was 27 years.

Three-Year Trend Information for PERS
(Amounts in Thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2004	5,317	100%	\$ -
6/30/2005	5,903	100%	\$ -
6/30/2006	5,114	100%	\$ -

Schedule of Funding Progress for PERS
Most Current Available
(Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/02:						
Miscellaneous	\$ 69,001	\$ 68,721	\$ (280)	100.4 %	\$ 11,687	(2.40) %
Safety	121,084	134,886	13,802	89.8 %	11,148	123.80 %
Total	<u>\$ 190,085</u>	<u>\$ 203,607</u>	<u>\$ 13,522</u>	<u>93.36 %</u>	<u>\$ 22,835</u>	<u>59.22 %</u>
6/30/03:						
Miscellaneous	\$ 69,869	\$ 79,215	\$ 9,347	88.2 %	\$ 12,966	72.10 %
Safety	123,616	140,107	16,491	88.2 %	12,483	132.10 %
Total	<u>\$ 193,485</u>	<u>\$ 219,322</u>	<u>\$ 25,838</u>	<u>88.20 %</u>	<u>\$ 25,449</u>	<u>101.52 %</u>
6/30/04:						
Miscellaneous	\$ 73,266	\$ 83,830	\$ 10,565	87.4 %	\$ 12,628	83.70 %
Safety	131,802	151,607	19,805	86.9 %	12,526	158.10 %
Total	<u>\$ 205,068</u>	<u>\$ 235,437</u>	<u>\$ 30,370</u>	<u>87.10 %</u>	<u>\$ 25,154</u>	<u>120.74 %</u>

City of El Monte
Notes to Financial Statements (Continued)

Note 11: Retirement Plan (Continued)

b. PARS

Public Agency Retirement System

Effective July 2000, the City of El Monte entered into a multi-employer agreement with a Public Agency Retirement System (PARS) program, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The City participates in CalPERS 2% at 55 retirement plan for miscellaneous employees. PARS provides an offset to CalPERS benefit for a maximum of 3% retirement. Upon retirement at age 55, this plan provides the employees with 1% times their years of service times their highest annual salary. To receive benefits, the miscellaneous employees must be at least 55 years of age, have at least five years full-time employment with the City of El Monte and have terminated his or her employment with the City of El Monte and concurrently retire from PERS. The benefit is equal to a percentage of highest pay multiplied by years of service with the percentage varying by retirement age based on a 3.0% at 55 target offset by CalPERS 2% at 55 formula. Sample rates are as follows:

<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
55	1.000%	60	0.738%
56	0.948%	61	0.686%
57	0.896%	62	0.634%
58	0.844%	63	0.582%
59	0.790%	64+	0.582%

Benefits are increased by 2% annual cost of living adjustments after retirement. There are no employee contributions.

For fiscal year ending June 30, 2006, the City's annual pension cost of \$1,873,242 for PARS was equal to the City's required and actual contributions. The required contribution was based on the July 1, 2004, actuarial valuation using the entry age normal (level percentage of pay) actuarial cost method. The actuarial assumption included:

Valuation Date:	July 1, 2004
Investment Return:	7.50%
Inflation:	3.75%
Salary Increases:	Range from 14.2% to 3.75%, dependent on years of service
Cost of Living Adjustment:	2.00% compounded annually

The unfunded actuarial liability is based on a 20-year amortization and amortization payments increasing 3.75% annually.

The following table provides 3 years of historical information of the annual pension cost:

<u>Three Year Trend Information for PARS</u>			
<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2004	2,250,368	100%	-
6/30/2005	1,737,975	100%	-
6/30/2006	1,873,242	100%	-

City of El Monte
Notes to Financial Statements (Continued)

Note 11: Retirement Plan (Continued)

SCHEDULE OF FUNDING PROGRESS
(Most recent information available)

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Valuation Payroll (C)	UAAL as a % of Valuation Payroll ((B-A)/C)
7/1/2002	\$ 3,489,015	\$ 15,376,726	\$ 11,887,711	22.69%	\$ 11,618,686	102.32%
7/1/2004	6,498,978	18,429,654	11,930,676	35.26%	12,789,465	93.29%

Note 12: Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The City is self-insured for the first \$250,000 on each general liability claim and the first \$500,000 of each workers compensation claim against the City. The insurance coverage in excess of the self-insured amount is provided by The Independent Cities Risk Management Authority (ICRMA) up to a limit of \$20,000,000 for general liability and \$150,000,000 for workers compensation.

The City also carries property insurance through Marsh Risk & Insurance Services with a total insured value of \$86,276,337.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that has been incurred, but not reported. The City has accrued for its anticipated liability with respect to claims filed and claims incurred but not reported to the City as of year-end. The accruals are in the amounts of \$9,384,904 and \$2,010,712 for the workers' compensation claims and general liability claims, respectively, for a total of \$11,395,616.

A reconciliation of changes in aggregate liabilities for claims for the current fiscal year and the prior fiscal year is as follows:

Year	Liability at Beginning	Claims Incurred (Including IBNRs)	Claim Payments	Liability at End
2004-2005	\$ 12,723,008	\$ 1,628,239	\$ (1,999,231)	\$ 12,352,016
2005-2006	12,352,016	335,395	(1,291,795)	11,395,616

Effective July 17, 1986, the City became a member of the ICRMA, a public entity risk pool currently operating as a common risk management and insurance program for 28 California cities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of the ICRMA provides that the pool will be self-sustaining through member premiums. The City continues to carry commercial companies for all other risks of loss, including property insurance, auto physical damage insurance and special events insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

City of El Monte
Notes to Financial Statements (Continued)

Note 12: Insurance (Continued)

The ICRMA has published its own financial report for the year ended June 30, 2006, which can be obtained from Independent Cities Risk Management Authority, Sherman Oaks, California.

Note 13: Post-Employment Health Benefits

The City provides health care benefits to retired public safety and management employees in accordance with City MOU's. To be eligible, the employees must be at least 50 years of age and have five years of service. The amount provided by the City includes contributions ranging from \$96 to \$1,267 toward the group benefit plan for the employee and is financed on a pay-as-you-go basis. As of June 30, 2006, there were 85 retired employees receiving benefits. The total cost of post-employment health benefits was \$428,204.

Note 14: Fund Equity, Net Assets and Restatements

Beginning fund equity has been restated as follows:

Major governmental funds:

General Fund

To adjust interest recorded in prior years	\$ (23,847)
To adjust advances to other funds as of July 1, 2005	265,981
To recognize revenues received in prior years	93,440
To remove short term compensated absences as of July 1, 2005	2,021,702
To remove short term claims and judgement as of July 1, 2005	2,098,617

Redevelopment Agency Capital Projects Fund

To adjust advances to other funds as of July 1, 2005	(218,104)
To adjust land held for resale purchased in prior years	315,000

Nonmajor Governmental Funds:

Public Facilities

To record prior year expenditures in the proper fund	(16,000)
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Miscellaneous Grants

To record prior year expenditures in the proper fund	16,000
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Park Bond Act

To recognize revenues deferred in prior years	(33,220)
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AB 939

To remove amounts recognized as revenue but not earned	(68,683)
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Redevelopment Agency Debt Service Fund

To adjust advances to other funds as of July 1, 2005	22,899
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Total Governmental Funds	<u>\$ 4,473,785</u>
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Major Proprietary Funds:

Water

To adjust accumulated depreciation at July 1, 2005	<u>\$ 131,888</u>
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City of El Monte
Notes to Financial Statements (Continued)

Note 14: Fund Equity, Net Assets and Restatements (Continued)

Beginning net assets has been restated as follows:

Government-Wide Statements:

Governmental activities:

To record land purchased in the prior year	\$ 3,000,000
To adjust accumulated depreciation at July 1, 2005	(481,621)
To record land held for resale purchased in the prior year	315,000
To adjust advances to other funds at July 1, 2005	70,776
To reduce long term debt for repayments made in the prior year	618,931
To record revenues and expenditures in the proper period	(32,310)
Total Governmental Activities	<u>\$ 3,490,776</u>

Business-Type Activities:

To adjust accumulated depreciation at July 1, 2005	<u>\$ 131,888</u>
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Note 15: Commitments and Contingencies

The City of El Monte has been named as defendant in numerous lawsuits and claims arising in the course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the City, such loss has been accrued in the accompanying combined financial statements.

Note 16: Redevelopment Participation Fee Covenant and Agency Participation Fee

On November 26, 1991, the Agency executed a Disposition and Development Agreement (D.D.A.) with KCL Titan Group, Inc. and KCL Plaza Partnership (the Developer), relating to the Edwards Theater Project within the Downtown El Monte Project Area. Pursuant to the terms of the D.D.A., the Developer agreed to the Agency an annual redevelopment participation fee, commencing on March 4, 2004 to March 4, 2013, in amounts ranging from \$22,400 to \$302,400.

During a term of 20 years, commencing March 4, 1992, the Developer shall not sell, convey or transfer its interest in the project to an unrelated third-party without first paying the Agency a one-time fee in an amount ranging from \$350,000 to \$425,350, to be determined based on the year in which the sale occurs.

Note 17: Subsequent Events

On September 27, 2006, the City received the remaining balance of \$675,000 for the HUD Section 108 Loan 2004-A that was originally issued in August 2004. Debt service payments will be made as follows:

	Section 108 Loan 2004-A	
	Principal	Interest
2006 - 2007	\$ -	\$ 201,559
2007 - 2008	148,000	202,738
2008 - 2009	152,000	198,892
2009 - 2010	157,000	193,950
2010 - 2011	162,000	188,076
2011 - 2016	929,000	822,395
2016 - 2021	1,205,000	546,914
2021 - 2026	1,247,000	153,796
Totals	<u>\$ 4,000,000</u>	<u>\$ 2,508,320</u>

CITY OF EL MONTE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Special Revenue Funds			
	Traffic Safety	Affordable Housing Development	Parking and Business Improvement	Miscellaneous Grants
Assets:				
Cash and investments	\$ 159,452	\$ -	\$ 154,262	\$ -
Receivables:				
Accounts	42,060	-	-	2,155
Taxes	1,415	-	-	-
Notes and Loans	-	764,066	-	-
Prepaid costs	-	-	-	-
Deposits	-	755	-	-
Due from other governments	-	-	-	590,854
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Cash and investments with fiscal agents	-	87,639	-	-
Total Assets	\$ 202,927	\$ 852,460	\$ 154,262	\$ 593,009
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 156,194	\$ -	\$ 24,200	\$ 9,657
Accrued liabilities	46,733	-	-	6,801
Due to other funds	-	55,271	-	522,540
Deferred revenues	-	764,066	-	586,769
Unearned revenues	-	-	-	34,383
Advances from other funds	-	-	-	-
Deposits payable	-	1,927	-	-
Due to other governments	-	-	-	3,889
Total Liabilities	202,927	821,264	24,200	1,164,039
Fund Balances:				
Fund balances				
Reserved:				
Reserved for encumbrances	3,552	-	-	137,063
Reserved for loans receivable	-	-	-	-
Reserved for prepaids	-	-	-	-
Reserved for education programs	-	-	-	-
Undesignated	(3,552)	31,196	130,062	(708,093)
Total Fund Balances	-	31,196	130,062	(571,030)
Total Liabilities and Fund Balances	\$ 202,927	\$ 852,460	\$ 154,262	\$ 593,009

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

Special Revenue Funds

	Recreation Operation	SLES	Proposition A	Adult Sports
Assets:				
Cash and investments	\$ 2,500	\$ 299,768	\$ 1,473,564	\$ -
Receivables:				
Accounts	320,443	-	2,740	1,650
Taxes	-	-	-	-
Notes and Loans	-	-	-	-
Prepaid costs	445	-	-	-
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 323,388	\$ 299,768	\$ 1,476,304	\$ 1,650
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 87,227	\$ -	\$ 175,754	\$ 9,548
Accrued liabilities	128,940	3,081	14,261	2,039
Due to other funds	29,784	-	-	53,768
Deferred revenues	204	-	3,518	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	95,604	-	-	10,072
Due to other governments	-	-	-	-
Total Liabilities	341,759	3,081	193,533	75,427
Fund Balances:				
Fund balances				
Reserved:				
Reserved for encumbrances	29,572	-	87,937	-
Reserved for loans receivable	-	-	-	-
Reserved for prepaids	445	-	-	-
Reserved for education programs	-	-	-	18,324
Undesignated	(48,388)	296,687	1,194,834	(92,101)
Total Fund Balances	(18,371)	296,687	1,282,771	(73,777)
Total Liabilities and Fund Balances	\$ 323,388	\$ 299,768	\$ 1,476,304	\$ 1,650

CITY OF EL MONTE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Special Revenue Funds			
	UDAG	Emergency Shelter Grant	Air Quality	Proposition C
Assets:				
Cash and investments	\$ 168,024	\$ -	\$ 295,601	\$ 4,536,085
Receivables:				
Accounts	-	-	894	15,965
Taxes	-	-	-	-
Notes and Loans	179,260	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	-	83,616	39,350	-
Due from other funds	-	-	-	-
Advances to other funds	1,621,440	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,968,724	\$ 83,616	\$ 335,845	\$ 4,552,050
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 22,664	\$ 1,879	\$ 5,441	\$ 12,643
Accrued liabilities	-	-	-	19,120
Due to other funds	-	81,737	-	-
Deferred revenues	1,800,700	83,616	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	149,228	-	-	-
Total Liabilities	1,972,592	167,232	5,441	31,763
Fund Balances:				
Fund balances				
Reserved:				
Reserved for encumbrances	75,653	2	13,278	362,617
Reserved for loans receivable	-	-	-	-
Reserved for prepaids	-	-	-	-
Reserved for education programs	-	-	-	-
Undesignated	(79,521)	(83,618)	317,126	4,157,670
Total Fund Balances	(3,868)	(83,616)	330,404	4,520,287
Total Liabilities and Fund Balances	\$ 1,968,724	\$ 83,616	\$ 335,845	\$ 4,552,050

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Special Revenue Funds			
	Special Gas Tax	County Aid to Cities	Public Facilities	Quimby
Assets:				
Cash and investments	\$ 455,669	\$ 3,522	\$ 491,860	\$ 993,656
Receivables:				
Accounts	-	-	-	-
Taxes	364,986	-	-	-
Notes and Loans	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 820,655	\$ 3,522	\$ 491,860	\$ 993,656
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 6,304	\$ -	\$ 43,238	\$ 19,163
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	3,568	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	396,029	822,142
Due to other governments	-	-	-	-
Total Liabilities	6,304	3,568	439,267	841,305
Fund Balances:				
Fund balances				
Reserved:				
Reserved for encumbrances	38,253	-	135,748	189,302
Reserved for loans receivable	-	-	-	-
Reserved for prepaids	-	-	-	-
Reserved for education programs	-	-	-	-
Undesignated	776,098	(46)	(83,155)	(36,951)
Total Fund Balances	814,351	(46)	52,593	152,351
Total Liabilities and Fund Balances	\$ 820,655	\$ 3,522	\$ 491,860	\$ 993,656

CITY OF EL MONTE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Special Revenue Funds			
	Older American Act	Police Traffic Program	Senior Citizen Program	Local Law Enforcement Block Grant
Assets:				
Cash and investments	\$ -	\$ 390,980	\$ 1,688	\$ 54,934
Receivables:				
Accounts	-	12,075	-	-
Taxes	-	-	-	-
Notes and Loans	-	-	-	-
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	19,574	-	8,721	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 19,574	\$ 403,055	\$ 10,409	\$ 54,934
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 238	\$ 6,598	\$ 8,121	\$ -
Accrued liabilities	5,761	3,148	2,401	-
Due to other funds	13,575	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	8,676
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	19,574	9,746	10,522	8,676
Fund Balances:				
Fund balances				
Reserved:				
Reserved for encumbrances	-	70,000	-	-
Reserved for loans receivable	-	-	-	-
Reserved for prepaids	-	-	-	-
Reserved for education programs	-	-	-	-
Undesignated	-	323,309	(113)	46,258
Total Fund Balances	-	393,309	(113)	46,258
Total Liabilities and Fund Balances	\$ 19,574	\$ 403,055	\$ 10,409	\$ 54,934

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Special Revenue Funds			
	Park Bond Act	Children's Lunch Program	Bicycle and Pedestrian Facilities	Police/ Narcotics Forfeiture
Assets:				
Cash and investments	\$ -	\$ 1,051	\$ -	\$ 1,208,119
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and Loans	-	-	-	-
Prepaid costs	-	-	-	5,560
Deposits	-	-	-	-
Due from other governments	536,547	82,298	-	85,258
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 536,547	\$ 83,349	\$ -	\$ 1,298,937
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 18,800	\$ 94,426	\$ -	\$ 10,327
Accrued liabilities	-	1,532	-	1,007
Due to other funds	517,747	-	-	-
Deferred revenues	536,547	82,298	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	2,375
Due to other governments	-	-	-	-
Total Liabilities	1,073,094	178,256	-	13,709
Fund Balances:				
Fund balances				
Reserved:				
Reserved for encumbrances	1,408,361	260,884	-	-
Reserved for loans receivable	-	-	-	-
Reserved for prepaids	-	-	-	5,560
Reserved for education programs	-	-	-	-
Undesignated	(1,944,908)	(355,791)	-	1,279,668
Total Fund Balances	(536,547)	(94,907)	-	1,285,228
Total Liabilities and Fund Balances	\$ 536,547	\$ 83,349	\$ -	\$ 1,298,937

CITY OF EL MONTE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
	AB 939	Redevelopment Agency	
Assets:			
Cash and investments	\$ 962,434	\$ 1,366,702	\$ 13,019,871
Receivables:			
Accounts	147,343	-	545,325
Taxes	2,093	851,066	1,219,560
Notes and Loans	-	-	943,326
Prepaid costs	-	-	6,005
Deposits	-	-	755
Due from other governments	-	-	1,446,218
Due from other funds	-	600,624	600,624
Advances to other funds	-	-	1,621,440
Cash and investments with fiscal agents	-	1,493,469	1,581,108
Total Assets	\$ 1,111,870	\$ 4,311,861	\$ 20,984,232
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 84,615	\$ -	\$ 797,037
Accrued liabilities	8,635	-	243,459
Due to other funds	-	745	1,275,167
Deferred revenues	-	-	3,861,286
Unearned revenues	34,333	-	77,392
Advances from other funds	-	1,740,031	1,740,031
Deposits payable	3,445	-	1,331,594
Due to other governments	-	113,767	266,884
Total Liabilities	131,028	1,854,543	9,592,850
Fund Balances:			
Fund balances			
Reserved:			
Reserved for encumbrances	173,574	-	2,985,796
Reserved for loans receivable	-	-	-
Reserved for prepaids	-	-	6,005
Reserved for education programs	-	-	18,324
Undesignated	807,268	2,457,318	8,381,257
Total Fund Balances	980,842	2,457,318	11,391,382
Total Liabilities and Fund Balances	\$ 1,111,870	\$ 4,311,861	\$ 20,984,232

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Special Revenue Funds			
	Traffic Safety	Affordable Housing Development	Parking and Business Improvement	Miscellaneous Grants
Revenues:				
Taxes	\$ 9,146	\$ -	\$ -	\$ -
Licenses and permits	-	-	106,313	-
Intergovernmental	-	-	-	620,147
Charges for services	-	-	-	-
Use of money and property	-	68,699	-	-
Fines and forfeitures	402,727	-	-	-
Miscellaneous	25,899	-	-	-
Total Revenues	437,772	68,699	106,313	620,147
Expenditures:				
Current:				
General government	-	80,000	95,200	238,643
Public safety	-	-	-	187,519
Parks, recreation and cultural	-	-	-	-
Public works	2,769,659	-	-	366,035
Capital outlay	-	-	-	54,065
Debt service:				
Principal retirement	-	31,078	-	-
Interest and fiscal charges	-	52,486	-	-
Total Expenditures	2,769,659	163,564	95,200	846,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,331,887)	(94,865)	11,113	(226,115)
Other Financing Sources (Uses):				
Transfers in	2,331,887	-	-	-
Transfers out	-	-	(15,000)	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	2,331,887	-	(15,000)	-
Net Change in Fund Balances	\$ -	\$ (94,865)	\$ (3,887)	\$ (226,115)
Fund Balance				
Beginning of Year, as originally reported	\$ -	\$ 126,061	\$ 133,949	\$ (360,915)
Restatements	-	-	-	16,000
Beginning of Year, as restated	-	126,061	133,949	(344,915)
Net Change in Fund Balances	-	(94,865)	(3,887)	(226,115)
End of Fiscal Year	\$ -	\$ 31,196	\$ 130,062	\$ (571,030)

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

Special Revenue Funds

	Recreation Operation	SLES	Proposition A	Adult Sports
Revenues:				
Taxes	\$ -	\$ -	\$ 1,991,604	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	300,000	181,561	-	-
Charges for services	391,225	-	6,291	107,405
Use of money and property	51,475	7,830	36,392	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	18,033	-
Total Revenues	742,700	189,391	2,052,320	107,405
Expenditures:				
Current:				
General government	557,699	-	1,728,346	-
Public safety	-	12,067	-	-
Parks, recreation and cultural	3,895,245	-	-	145,243
Public works	50,519	-	-	-
Capital outlay	21,538	-	31,770	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	4,525,001	12,067	1,760,116	145,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,782,301)	177,324	292,204	(37,838)
Other Financing Sources (Uses):				
Transfers in	3,763,930	-	-	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	3,763,930	-	-	-
Net Change in Fund Balances	\$ (18,371)	\$ 177,324	\$ 292,204	\$ (37,838)
Fund Balance				
Beginning of Year, as originally reported	\$ -	\$ 119,363	\$ 990,567	\$ (35,939)
Restatements	-	-	-	-
Beginning of Year, as restated	-	119,363	990,567	(35,939)
Net Change in Fund Balances	(18,371)	177,324	292,204	(37,838)
End of Fiscal Year	\$ (18,371)	\$ 296,687	\$ 1,282,771	\$ (73,777)

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Special Revenue Funds			
	UDAG	Emergency Shelter Grant	Air Quality	Proposition C
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	106,937	49,467	162,522	1,860,734
Charges for services	-	-	-	-
Use of money and property	5,524	-	7,107	76,497
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	15,965
Total Revenues	112,461	49,467	169,629	1,953,196
Expenditures:				
Current:				
General government	-	83,616	47,801	1,270,922
Public safety	-	-	-	-
Parks, recreation and cultural	112,461	-	-	-
Public works	-	-	-	-
Capital outlay	-	-	25,481	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	112,461	83,616	73,282	1,270,922
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(34,149)	96,347	682,274
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ -	\$ (34,149)	\$ 96,347	\$ 682,274
Fund Balance				
Beginning of Year, as originally reported	\$ (3,868)	\$ (49,467)	\$ 234,057	\$ 3,838,013
Restatements	-	-	-	-
Beginning of Year, as restated	(3,868)	(49,467)	234,057	3,838,013
Net Change in Fund Balances	-	(34,149)	96,347	682,274
End of Fiscal Year	\$ (3,868)	\$ (83,616)	\$ 330,404	\$ 4,520,287

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds			
	Special Gas Tax	County Aid to Cities	Public Facilities	Quimby
Revenues:				
Taxes	\$ 2,252,278	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	561,005	-	-	602,607
Charges for services	-	-	721,685	-
Use of money and property	14,016	-	13,875	16,738
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	2,827,299	-	735,560	619,345
Expenditures:				
Current:				
General government	-	-	35,000	-
Public safety	-	-	-	-
Parks, recreation and cultural	-	-	-	451,542
Public works	446,132	-	622,634	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	446,132	-	657,634	451,542
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,381,167	-	77,926	167,803
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(2,025,000)	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	(2,025,000)	-	-	-
Net Change in Fund Balances	\$ 356,167	\$ -	\$ 77,926	\$ 167,803
Fund Balance				
Beginning of Year, as originally reported	\$ 458,184	\$ (46)	\$ (9,333)	\$ (15,452)
Restatements	-	-	(16,000)	-
Beginning of Year, as restated	458,184	(46)	(25,333)	(15,452)
Net Change in Fund Balances	356,167	-	77,926	167,803
End of Fiscal Year	\$ 814,351	\$ (46)	\$ 52,593	\$ 152,351

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Special Revenue Funds			
	Older American Act	Police Traffic Program	Senior Citizen Program	Local Law Enforcement Block Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	23,303	117,498	64,003
Charges for services	-	-	-	-
Use of money and property	-	12,825	-	2,458
Fines and forfeitures	-	164,730	-	-
Miscellaneous	239,913	-	174,852	-
Total Revenues	239,913	200,858	292,350	66,461
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	189,476	-	64,005
Parks, recreation and cultural	239,913	-	291,259	-
Public works	-	-	-	-
Capital outlay	-	67,279	1,091	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	239,913	256,755	292,350	64,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(55,897)	-	2,456
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ -	\$ (55,897)	\$ -	\$ 2,456
Fund Balance				
Beginning of Year, as originally reported	\$ -	\$ 449,206	\$ (113)	\$ 43,802
Restatements	-	-	-	-
Beginning of Year, as restated	-	449,206	(113)	43,802
Net Change in Fund Balances	-	(55,897)	-	2,456
End of Fiscal Year	\$ -	\$ 393,309	\$ (113)	\$ 46,258

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds			
	Park Bond Act	Children's Lunch Program	Bicycle and Pedestrian Facilities	Police/ Narcotics Forfeiture
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	115,330	184,822	68,827	935,686
Charges for services	-	-	-	-
Use of money and property	-	-	-	12,784
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	115,330	184,822	68,827	948,470
Expenditures:				
Current:				
General government	-	-	68,827	305,087
Public safety	-	-	-	-
Parks, recreation and cultural	-	267,120	-	-
Public works	-	-	-	-
Capital outlay	342,469	-	-	53,304
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	342,469	267,120	68,827	358,391
Excess (Deficiency) of Revenues Over (Under) Expenditures	(227,139)	(82,298)	-	590,079
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ (227,139)	\$ (82,298)	\$ -	\$ 590,079
Fund Balance				
Beginning of Year, as originally reported	\$ (276,188)	\$ (12,609)	\$ -	\$ 695,149
Restatements	(33,220)	-	-	-
Beginning of Year, as restated	(309,408)	(12,609)	-	695,149
Net Change in Fund Balances	(227,139)	(82,298)	-	590,079
End of Fiscal Year	\$ (536,547)	\$ (94,907)	\$ -	\$ 1,285,228

CITY OF EL MONTE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
	AB 939	Redevelopment Agency	
Revenues:			
Taxes	\$ 803,797	\$ 2,618,964	\$ 7,675,789
Licenses and permits	-	-	106,313
Intergovernmental	135,951	-	6,090,400
Charges for services	-	-	1,226,606
Use of money and property	29,452	142,365	498,037
Fines and forfeitures	-	-	567,457
Miscellaneous	-	-	474,662
Total Revenues	969,200	2,761,329	16,639,264
Expenditures:			
Current:			
General government	1,064,747	267,979	5,843,867
Public safety	-	-	453,067
Parks, recreation and cultural	-	-	5,402,783
Public works	-	-	4,254,979
Capital outlay	-	-	596,997
Debt service:			
Principal retirement	-	203,000	234,078
Interest and fiscal charges	-	1,012,481	1,064,967
Total Expenditures	1,064,747	1,483,460	17,850,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(95,547)	1,277,869	(1,211,474)
Other Financing Sources (Uses):			
Transfers in	-	1,480,837	7,576,654
Transfers out	-	(2,711,994)	(4,751,994)
Notes and loans issued	-	9,175	9,175
Total Other Financing Sources (Uses)	-	(1,221,982)	2,833,835
Net Change in Fund Balances	\$ (95,547)	\$ 55,887	\$ 1,622,361
Fund Balance			
Beginning of Year, as originally reported	\$ 1,145,072	\$ 2,378,532	\$ 9,848,025
Restatements	(68,683)	22,899	(79,004)
Beginning of Year, as restated	1,076,389	2,401,431	9,769,021
Net Change in Fund Balances	(95,547)	55,887	1,622,361
End of Fiscal Year	\$ 980,842	\$ 2,457,318	\$ 11,391,382

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	8,820	8,820	9,146	326
Fines and forfeitures	388,000	388,000	402,727	14,727
Other	25,000	25,000	25,899	899
Transfers from other funds	2,025,000	2,156,341	2,331,887	175,546
Amounts available for appropriation	2,446,820	2,578,161	2,769,659	191,498
Charges to Appropriation (Outflow):				
Public works	2,578,161	2,635,287	2,769,659	(134,372)
Total charges to appropriations	2,578,161	2,635,287	2,769,659	(134,372)
Budgetary Fund Balance, June 30	\$ (131,341)	\$ (57,126)	\$ -	\$ 57,126

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
PARKING AND BUSINESS IMPROVEMENT
YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 133,949	\$ 133,949	\$ 133,949	\$ -
Resources (Inflows):				
Licenses and Permits	115,000	115,000	106,313	(8,687)
Amounts available for appropriation	248,949	248,949	240,262	(8,687)
Charges to Appropriation (Outflow):				
General government	95,200	95,200	95,200	-
Transfers to other funds	15,000	15,000	15,000	-
Total charges to appropriations	110,200	110,200	110,200	-
Budgetary Fund Balance, June 30	\$ 138,749	\$ 138,749	\$ 130,062	\$ (8,687)

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 MISCELLANEOUS GRANTS
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1, as restated	\$ (344,915)	\$ (344,915)	\$ (344,915)	\$ -
Resources (Inflows):				
Intergovernmental	314,559	387,689	620,147	232,458
Amounts available for appropriation	(30,356)	42,774	275,232	232,458
Charges to Appropriation (Outflow):				
General government	-	314,559	238,643	75,916
Public safety	-	73,130	187,519	(114,389)
Public works	-	366,150	366,035	115
Capital Outlay	-	-	54,065	(54,065)
Total charges to appropriations	-	753,839	846,262	(92,423)
Budgetary Fund Balance, June 30	\$ (30,356)	\$ (711,065)	\$ (571,030)	\$ 140,035

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 RECREATION OPERATION
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	-	300,000	300,000
Charges for services	337,000	595,000	391,225	(203,775)
Use of money and property	49,000	49,000	51,475	2,475
Transfers from other funds	-	3,538,315	3,763,930	225,615
Amounts available for appropriation	386,000	4,182,315	4,506,630	324,315
Charges to Appropriation (Outflow):				
General government	467,781	468,136	557,699	(89,563)
Parks, recreation and culture	3,427,765	3,544,907	3,895,245	(350,338)
Public works	28,769	29,362	50,519	(21,157)
Capital outlay	-	14,310	21,538	(7,228)
Total charges to appropriations	3,924,315	4,056,715	4,525,001	(468,286)
Budgetary Fund Balance, June 30	\$ (3,538,315)	\$ 125,600	\$ (18,371)	\$ (143,971)

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 SLES
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 119,363	\$ 119,363	\$ 119,363	\$ -
Resources (Inflows):				
Intergovernmental	181,000	181,000	181,561	561
Use of money and property	6,450	6,450	7,830	1,380
Amounts available for appropriation	306,813	306,813	308,754	1,941
Charges to Appropriation (Outflow):				
Public safety	316,066	113,971	12,067	101,904
Total charges to appropriations	316,066	113,971	12,067	101,904
Budgetary Fund Balance, June 30	\$ (9,253)	\$ 192,842	\$ 296,687	\$ 103,845

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 990,567	\$ 990,567	\$ 990,567	\$ -
Resources (Inflows):				
Taxes	1,798,131	1,798,131	1,991,604	193,473
Charges for services	10,000	10,000	6,291	(3,709)
Use of money and property	29,000	29,000	36,392	7,392
Other	19,000	19,000	18,033	(967)
Amounts available for appropriation	2,846,698	2,846,698	3,042,887	196,189
Charges to Appropriation (Outflow):				
General government	1,991,723	2,127,007	1,728,346	398,661
Capital outlay	6,000	266,021	31,770	234,251
Total charges to appropriations	1,997,723	2,393,028	1,760,116	632,912
Budgetary Fund Balance, June 30	\$ 848,975	\$ 453,670	\$ 1,282,771	\$ 829,101

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 ADULT SPORTS
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (35,939)	\$ (35,939)	\$ (35,939)	\$ -
Resources (Inflows):				
Charges for services	140,000	140,000	107,405	(32,595)
Amounts available for appropriation	104,061	104,061	71,466	(32,595)
Charges to Appropriation (Outflow):				
Parks, recreation and culture	140,000	143,210	145,243	(2,033)
Total charges to appropriations	140,000	143,210	145,243	(2,033)
Budgetary Fund Balance, June 30	\$ (35,939)	\$ (39,149)	\$ (73,777)	\$ (34,628)

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE

UDAG

YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (3,868)	\$ (3,868)	\$ (3,868)	\$ -
Resources (Inflows):				
Intergovernmental	42,986	42,986	106,937	63,951
Use of money and property	-	-	5,524	5,524
Amounts available for appropriation	39,118	39,118	108,593	69,475
Charges to Appropriation (Outflow):				
Parks, recreation and culture	4,000	137,663	112,461	25,202
Total charges to appropriations	4,000	137,663	112,461	25,202
Budgetary Fund Balance, June 30	\$ 35,118	\$ (98,545)	\$ (3,868)	\$ 94,677

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 EMERGENCY SHELTER GRANT
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (49,467)	\$ (49,467)	\$ (49,467)	\$ -
Resources (Inflows):				
Intergovernmental	119,451	119,451	49,467	(69,984)
Amounts available for appropriation	69,984	69,984	-	(69,984)
Charges to Appropriation (Outflow):				
General government	119,451	119,451	83,616	35,835
Total charges to appropriations	119,451	119,451	83,616	35,835
Budgetary Fund Balance, June 30	\$ (49,467)	\$ (49,467)	\$ (83,616)	\$ (34,149)

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 234,057	\$ 234,057	\$ 234,057	\$ -
Resources (Inflows):				
Intergovernmental	153,300	153,300	162,522	9,222
Use of money and property	10,800	10,800	7,107	(3,693)
Amounts available for appropriation	398,157	398,157	403,686	5,529
Charges to Appropriation (Outflow):				
General government	119,550	119,550	47,801	71,749
Capital outlay	53,053	53,053	25,481	27,572
Total charges to appropriations	172,603	172,603	73,282	99,321
Budgetary Fund Balance, June 30	\$ 225,554	\$ 225,554	\$ 330,404	\$ 104,850

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 3,838,013	\$ 3,838,013	\$ 3,838,013	\$ -
Resources (Inflows):				
Intergovernmental	1,641,436	1,641,436	1,860,734	219,298
Use of money and property	92,100	92,100	76,497	(15,603)
Other	-	-	15,965	15,965
Amounts available for appropriation	5,571,549	5,571,549	5,791,209	219,660
Charges to Appropriation (Outflow):				
General government	773,291	1,361,222	1,270,922	90,300
Capital outlay	1,830,000	1,916,157	-	1,916,157
Total charges to appropriations	2,603,291	3,277,379	1,270,922	2,006,457
Budgetary Fund Balance, June 30	\$ 2,968,258	\$ 2,294,170	\$ 4,520,287	\$ 2,226,117

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 SPECIAL GAS TAX
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 458,184	\$ 458,184	\$ 458,184	\$ -
Resources (Inflows):				
Taxes	2,236,346	2,236,346	2,252,278	15,932
Intergovernmental	525,857	525,857	561,005	35,148
Use of money and property	38,300	38,300	14,016	(24,284)
Amounts available for appropriation	3,258,687	3,258,687	3,285,483	26,796
Charges to Appropriation (Outflow):				
Parks, recreation and culture	2,035,000	2,724,376	446,132	2,278,244
Capital outlay	151,250	70,556	-	70,556
Transfers to other funds	-	-	2,025,000	(2,025,000)
Total charges to appropriations	2,186,250	2,794,932	2,471,132	323,800
Budgetary Fund Balance, June 30	\$ 1,072,437	\$ 463,755	\$ 814,351	\$ 350,596

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1 as restated	\$ (25,333)	\$ (25,333)	\$ (25,333)	\$ -
Resources (inflows):				
Charges for Services	-	-	721,685	721,685
Invest Income	-	-	13,875	13,875
Amounts available for appropriation	(25,333)	(25,333)	710,227	735,560
Charges to appropriation (outflow):				
General government	-	53,536	35,000	18,536
Parks, recreation and culture	-	-	622,634	(622,634)
Total charges to appropriations	-	53,536	657,634	(604,098)
Budgetary Fund Balance, June 30	\$ (25,333)	\$ (78,869)	\$ 52,593	\$ 131,462

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 QUIMBY
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (15,452)	\$ (15,452)	\$ (15,452)	\$ -
Resources (inflows):				
Intergovernmental	-	-	602,607	602,607
Invest Income	-	-	16,738	16,738
Amounts available for appropriation	(15,452)	(15,452)	603,893	619,345
Charges to appropriation (outflow):				
Parks, recreation and culture	-	539,692	451,542	88,150
Total charges to appropriations	-	539,692	451,542	88,150
Budgetary Fund Balance, June 30	\$ (15,452)	\$ (555,144)	\$ 152,351	\$ 707,495

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 OLDER AMERICAN ACT
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Other	\$ -	\$ 253,049	\$ 239,913	\$ (13,136)
Amounts available for appropriation	-	253,049	239,913	(13,136)
Charges to Appropriation (Outflow):				
Parks, recreation and culture	-	253,049	239,913	13,136
Total charges to appropriations	-	253,049	239,913	13,136
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 POLICE TRAFFIC PROGRAM
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 449,206	\$ 449,206	\$ 449,206	\$ -
Resources (Inflows):				
Intergovernmental	27,000	27,000	23,303	(3,697)
Use of money and property	9,100	9,100	12,825	3,725
Fines and forfeitures	180,000	180,000	164,730	(15,270)
Amounts available for appropriation	665,306	665,306	650,064	(15,242)
Charges to Appropriation (Outflow):				
Public safety	174,944	314,944	189,476	125,468
Capital outlay	70,000	60,647	67,279	(6,632)
Total charges to appropriations	244,944	375,591	256,755	118,836
Budgetary Fund Balance, June 30	\$ 420,362	\$ 289,715	\$ 393,309	\$ 103,594

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 SENIOR CITIZEN PROGRAM
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (113)	\$ (113)	\$ (113)	\$ -
Resources (Inflows):				
Intergovernmental	115,395	115,395	117,498	2,103
Other	174,852	174,852	174,852	-
Amounts available for appropriation	290,134	290,134	292,237	2,103
Charges to Appropriation (Outflow):				
Parks, recreation and culture	-	290,247	291,259	(1,012)
Capital outlay	-	-	1,091	(1,091)
Total charges to appropriations	-	290,247	292,350	(2,103)
Budgetary Fund Balance, June 30	\$ 290,134	\$ (113)	\$ (113)	\$ -

CITY OF EL MONTE

**BUDGETARY COMPARISON SCHEDULE
 PARK BOND ACT
 YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1 as restated	\$ (309,408)	\$ (309,408)	\$ (309,408)	\$ -
Resources (inflows):				
Intergovernmental	-	838,680	115,330	(723,350)
Amounts available for appropriation	(309,408)	529,272	(194,078)	(723,350)
Charges to appropriation (outflow):				
Public works	-	-	342,469	(342,469)
Total charges to appropriations	-	-	342,469	(342,469)
Budgetary Fund Balance, June 30	\$ (309,408)	\$ 529,272	\$ (536,547)	\$ (1,065,819)

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
BICYCLE & PEDESTRIAN FACILITIES
YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	-	126,536	68,827	(57,709)
Amounts available for appropriation	-	126,536	68,827	(57,709)
Charges to appropriation (outflow):				
General government	-	126,536	68,827	57,709
Total charges to appropriations	-	126,536	68,827	57,709
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 POLICE/NARCOTICS FORFEITURE
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 695,149	\$ 695,149	\$ 695,149	\$ -
Resources (inflows):				
Intergovernmental	-	199,527	935,686	736,159
Use of money and property	-	-	12,784	12,784
Amounts available for appropriation	695,149	894,676	1,643,619	748,943
Charges to appropriation (outflow):				
General government	-	123,612	305,087	(181,475)
Capital outlay	-	-	53,304	(53,304)
Total charges to appropriations	-	123,612	358,391	(234,779)
Budgetary Fund Balance, June 30	\$ 695,149	\$ 771,064	\$ 1,285,228	\$ 514,164

CITY OF EL MONTE

BUDGETARY COMPARISON SCHEDULE
 AB 939
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1 as restated	\$ 1,076,389	\$ 1,076,389	\$ 1,076,389	\$ -
Resources (Inflows):				
Taxes	761,500	761,500	803,797	42,297
Intergovernmental	32,000	32,000	135,951	103,951
Use of money and property	25,700	25,700	29,452	3,752
Amounts available for appropriation	1,895,589	1,895,589	2,045,589	150,000
Charges to Appropriation (Outflow):				
General government	965,229	1,007,261	1,064,747	(57,486)
Total charges to appropriations	965,229	1,007,261	1,064,747	(57,486)
Budgetary Fund Balance, June 30	\$ 930,360	\$ 888,328	\$ 980,842	\$ 92,514

CITY OF EL MONTE

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Payroll:				
Assets:				
Cash and investments	\$ 20,000	\$ 2,746,802	\$ 2,746,773	\$ 20,029
Total Assets	\$ 20,000	\$ 2,746,802	\$ 2,746,773	\$ 20,029
Liabilities:				
Accounts payable	\$ -	\$ 2,746,802	\$ 2,746,773	\$ 29
Due to other agencies	20,000	-	-	20,000
Total Liabilities	\$ 20,000	\$ -	\$ -	\$ 20,029